



Dave Yost • Auditor of State



**CUYAHOGA FALLS LIBRARY  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Cuyahoga Falls Library  
Summit County  
2015 3<sup>rd</sup> Street,  
Cuyahoga Falls, OH 44221

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga Falls Library, Summit County, Ohio (the Library), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga Falls Library, Summit County, Ohio, as of December 31, 2015 and 2014, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental Information and Other Information*

Our audit was conducted to opine on the financial statements taken as a whole. We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 18, 2016

**Cuyahoga Falls Library**  
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*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2015 and 2014*  
*Unaudited*

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This discussion and analysis of the Cuyahoga Falls Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2015 and 2014, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Financial Highlights**

Key highlights for 2015 and 2014 are as follows:

In 2015, net position of the governmental activities decreased \$409,466 or 19 percent from the prior year due to the beginning of a capital project to construct library facilities. In 2014, net position of governmental activities increased \$291,458 or 16 percent from the prior year due to a decrease in spending.

In 2015 and 2014, the Library's general receipts were primarily Public Library Fund (PLF) receipts, and property and other local taxes receipts. These receipts represent 91 percent and 88 percent of the total cash received for governmental activities during the years 2015 and 2014, respectively. PLF receipts decreased \$26,724 or 2 percent from 2013 to 2014 and increased \$123,188 or 10 percent from 2014 to 2015.

### **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 Position 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.

**Cuyahoga Falls Library**  
**Summit County**  
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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Cuyahoga Falls Library as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2015 and 2014, within the limitations of the cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes can be thought of as a way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position are 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 such as the state's funding levels, the increase/decrease of memberships, and the extent of participation in the Library's activities from members and non-members. The combination of these factors present a complete picture of the strengths and weaknesses of the organization.

In the Statement of Net Position and the Statement of Activities, the Library has one type of activity:

Governmental activities - All of the Library's basic services are reported here, including library services, support services, and capital outlay. The Public Library Fund finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.



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**Reporting the Cuyahoga Falls Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all governmental in nature.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. In 2015, the Library had two major governmental funds – the General Fund and the Building Fund, and in 2014 the Library had one major governmental fund – the General Fund. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2015 compared to 2014 and 2013 on a cash basis:

(Table 1)  
**Net Position**

	Governmental Activities		
	2015	2014	2013
<b>Assets</b>			
Cash and cash equivalents	\$ 1,737,410	\$ 2,146,876	\$ 1,855,418
 <b>Net position</b>			
Restricted for:			
Permanent funds			
Nonexpendable	50,000	50,000	25,000
Expendable	1,255	2,197	27,180
Other purposes	1,129,515	58,011	50,829
Unrestricted	556,640	2,036,668	1,752,409
Total net position	\$ 1,737,410	\$ 2,146,876	\$ 1,855,418

As mentioned previously, net position of governmental activities decreased \$409,466 or 19 percent during 2015. Net position increased \$291,458 or 16 percent during 2014.

**Cuyahoga Falls Library**  
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Table 2 reflects the changes in net position in 2015, 2014 and 2013.

(Table 2)

	<b>Changes in Net Assets</b>		
	Governmental Activities	Governmental Activities	Governmental Activities
	2015	2014	2013
Receipts:			
Program receipts:			
Charges for services and sales	\$ 71,792	\$ 79,971	\$ 70,422
Operating grants and contributions	5,555	3,986	4,281
Total program receipts	<u>77,347</u>	<u>83,957</u>	<u>74,703</u>
General receipts:			
Property and other local taxes	1,216,008	1,227,042	1,402,222
Public library fund	1,399,199	1,276,011	1,302,735
Grants and Entitlements Not Restricted	174,089	180,432	-
Sale of capital assets	3,015	1,420	-
Interest	2,190	1,994	1,624
Miscellaneous	7,808	59,529	15,734
Total general receipts	<u>2,802,309</u>	<u>2,746,428</u>	<u>2,722,315</u>
Total receipts	<u>2,879,656</u>	<u>2,830,385</u>	<u>2,797,018</u>
Disbursements:			
Salaries and benefits	-	-	1,468,739
Purchased and contract services	-	-	306,390
Library materials and information	-	-	500,560
Supplies	-	-	48,377
Other	-	-	13,717
Library Services:			
Public service and programs	1,589,990	1,589,077	-
Collection development and processing	523,368	496,735	-
Support Services:			
Facilities operation and maintenance	178,226	209,407	-
Information technology services	99,239	92,984	-
Business administration	87,392	128,574	-
Capital outlay	810,907	22,150	35,893
Total disbursements	<u>3,289,122</u>	<u>2,538,927</u>	<u>2,373,676</u>
Increase (decrease) in net position	(409,466)	291,458	423,342
Net position, January 1	2,146,876	1,855,418	1,432,076
Net position, December 31	<u>\$ 1,737,410</u>	<u>\$ 2,146,876</u>	<u>\$ 1,855,418</u>

**Cuyahoga Falls Library**  
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Program receipts represent only 3 percent of total receipts in 2015 and 2014 and are primarily comprised of fines and late fees and fees charged for copier use.

In 2015, general receipts represent 97 percent of the Library's total receipts, and of this amount, 50 percent are Public Library Fund receipts and 43 percent are Property Taxes levied for general purposes. In 2014, general receipts represent 97 percent of the Library's total receipts, and of this amount, 46 percent are Public Library Fund receipts and 45 percent are Property Taxes levied for general purposes. Grants and entitlements not restricted to specific programs, miscellaneous receipts, sale of capital assets and interest make up 7 percent and 9 percent of the Library's general receipts for 2015 and 2014, respectively.

**Governmental Activities**

The Statements of Activities on pages 11 and 16 list the major services provided by the Library and the costs of providing these services. The major program disbursements for governmental activities in 2015 and 2014 are for library services, which account for 64 and 82 percent of all governmental disbursements, respectively. The next column of the Statement, entitled Program Cash Receipts identify amounts paid by users who are directly charged for the service and grants restricted as to use. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service and identifies dependence upon money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2014	2014
Library Services:				
Public service and programs	\$ 1,589,990	\$ (1,518,140)	\$ 1,589,077	\$ (1,509,088)
Collection development and processing	523,368	(517,871)	496,735	(492,767)
Support Services:				
Facilities operation and maintenance	178,226	(178,226)	209,407	(209,407)
Information technology services	99,239	(99,239)	92,984	(92,984)
Business administration	87,392	(87,392)	128,574	(128,574)
Capital Outlay	810,907	(810,907)	22,150	(22,150)
Total expenses	<u>\$ 3,289,122</u>	<u>\$ (3,211,775)</u>	<u>\$ 2,538,927</u>	<u>\$ (2,454,970)</u>

The dependence upon PLF and other general revenues for governmental activities is demonstrated in the above tables. In 2015 and 2014, 97 percent of disbursements, are supported through PLF and other general revenues.

**Cuyahoga Falls Library**  
**Summit County**  
*Management's Discussion and Analysis*  
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### **The Library's Funds**

In 2015, the Library's funds had receipts of \$2,879,656 and disbursements of \$3,289,122. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$1,480,028 as a result of a transfer of funds to the Building Fund for the start of a capital improvements project. In 2014, the Library's funds had receipts of \$2,830,385 and disbursements of \$2,538,927. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$285,319 as a result of a decrease in spending.

### **General Fund Budgeting Highlights**

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

In 2015, final disbursements were budgeted at \$2,709,000 and final budgetary disbursements (actual disbursements plus encumbrances) were \$4,441,050. In 2014, final disbursements were budgeted at \$2,727,000 and final budgetary disbursements were \$2,617,321. In 2015, the Board committed \$1,850,000 of the unrestricted General Fund balance to the Building Fund to begin a capital fund project to construct new library facilities. The library's spending fluctuated very little except for the increased expenditures due to the above referenced project. These conditions resulted in the decrease in fund balance of \$409,466 in 2015 and increase in fund balance of \$291,459 in 2014.

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

The Library does not currently keep track of its capital assets and infrastructure. The Library entered into a 3-year lease agreement for equipment during 2015. The Library did not have any other debt outstanding as of December 2015.

### **Current Issues**

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Library heavily depends on receipts from the Public Library Fund (PLF). With the PLF slightly increasing in 2015 and with the uncertainty of future funding, the Library will be faced with making changes over the next several years to contain costs and determine what other options are available to the Library to increase financial resources.

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**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 Susan Finley, Clerk-Treasurer, 2015 Third Street, Cuyahoga Falls, Ohio 44221.

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**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2015*

	Governmental Activities
<b>Assets</b>	
Equity in pooled cash and cash equivalents	\$ 1,737,410
Total assets	1,737,410
<b>Net Position</b>	
Restricted for:	
Permanent fund purpose	
Expendable	1,255
Nonexpendable	50,000
Other purposes	1,129,515
Unrestricted	556,640
Total net position	\$ 1,737,410

See accompanying notes to the basic financial statements.

**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2015*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public service and programs	\$ 1,589,990	\$ 71,792	\$ 58	\$ (1,518,140)
Collection development and processing	523,368	-	5,497	(517,871)
Support Services:				
Facilities operation and maintenance	178,226	-	-	(178,226)
Information technology services	99,239	-	-	(99,239)
Business administration	87,392	-	-	(87,392)
Capital outlay	810,907	-	-	(810,907)
Total governmental activities	<u>3,289,122</u>	<u>71,792</u>	<u>5,555</u>	<u>(3,211,775)</u>
<b>General Receipts</b>				
Property taxes levied for:				
				1,216,008
				1,399,199
				174,089
				3,015
				2,190
				7,808
				<u>2,802,309</u>
				(409,466)
				2,146,876
				<u>\$ 1,737,410</u>

See accompanying notes to the basic financial statements.



**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2015*

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in pooled cash and cash equivalents	\$ 556,640	\$ 1,095,288	\$ 85,482	\$ 1,737,410
<b>Fund Balances</b>				
Nonspendable	-	-	50,000	50,000
Restricted	-	-	35,482	35,482
Committed	-	1,095,288	-	1,095,288
Assigned	90,691	-	-	90,691
Unassigned	465,949	-	-	465,949
Total fund balances	<u>\$ 556,640</u>	<u>\$ 1,095,288</u>	<u>\$ 85,482</u>	<u>\$ 1,737,410</u>

See accompanying notes to the basic financial statements.

**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General	Building	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and other local taxes	\$ 1,216,008	\$ -	\$ -	\$ 1,216,008
Library and local government	1,399,199	-	-	1,399,199
Patron fines and fees	71,563	-	-	71,563
Intergovernmental	174,089	-	-	174,089
Contributions, gifts and donations	-	-	5,479	5,479
Earnings on Investments	2,190	-	77	2,267
Miscellaneous	7,282	-	754	8,036
<b>Total receipts</b>	<b>2,870,331</b>	<b>-</b>	<b>6,310</b>	<b>2,876,641</b>
<b>Disbursements</b>				
Library Services:				
Public service and programs	1,589,990	-	-	1,589,990
Collection development and processing	523,368	-	-	523,368
Support Services:				
Facilities operation and maintenance	178,226	-	-	178,226
Information technology services	99,239	-	-	99,239
Business administration	86,392	-	1,000	87,392
Capital outlay	23,144	787,763	-	810,907
<b>Total disbursements</b>	<b>2,500,359</b>	<b>787,763</b>	<b>1,000</b>	<b>3,289,122</b>
Excess of receipts over (under) disbursements	369,972	(787,763)	5,310	(412,481)
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	3,015	-	3,015
Transfers in	-	1,877,555	-	1,877,555
Transfers out	(1,850,000)	-	(27,555)	(1,877,555)
<b>Total other financing sources (uses)</b>	<b>(1,850,000)</b>	<b>1,880,570</b>	<b>(27,555)</b>	<b>3,015</b>
Net change in fund balance	(1,480,028)	1,092,807	(22,245)	(409,466)
Fund balances beginning of year	2,036,668	2,481	107,727	2,146,876
Fund balances end of year	<u>\$ 556,640</u>	<u>\$ 1,095,288</u>	<u>\$ 85,482</u>	<u>\$ 1,737,410</u>

See accompanying notes to the basic financial statements.

**Cuyahoga Falls 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, 2015*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and other local taxes	\$ 1,212,683	\$ 1,220,537	\$ 1,216,008	\$ (4,529)
Library and local government	1,395,373	1,404,412	1,399,199	(5,213)
Patron fines and fees	71,367	71,830	71,563	(267)
Intergovernmental	173,613	174,738	174,089	(649)
Earnings on Investment	2,184	2,198	2,190	(8)
Miscellaneous	7,262	7,309	7,282	(27)
<b>Total receipts</b>	<u>2,862,482</u>	<u>2,881,024</u>	<u>2,870,331</u>	<u>(10,693)</u>
<b>Disbursements</b>				
Library Services:				
Public service and programs	1,670,370	1,670,370	1,597,643	72,727
Collection development and processing	598,133	598,133	572,090	26,043
Support Services:				
Facilities operation and maintenance	210,808	210,808	201,629	9,179
Information technology services	103,757	103,757	99,239	4,518
Business administration	97,787	97,787	93,529	4,258
Capital outlay	28,145	28,145	26,920	1,225
<b>Total disbursements</b>	<u>2,709,000</u>	<u>2,709,000</u>	<u>2,591,050</u>	<u>117,950</u>
Excess of receipts over (under) disbursements	153,482	172,024	279,281	107,257
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(1,850,000)	(1,850,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(1,850,000)</u>	<u>(1,850,000)</u>
Net change in fund balance	153,482	172,024	(1,570,719)	(1,742,743)
Fund balance at beginning of year	1,958,274	1,958,274	1,958,274	-
Prior year encumbrances appropriated	78,394	78,394	78,394	-
<b>Fund balance at end of year</b>	<u>\$ 2,190,150</u>	<u>\$ 2,208,692</u>	<u>\$ 465,949</u>	<u>\$ (1,742,743)</u>

See accompanying notes to the basic financial statements.

**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	Governmental Activities
<b>Assets</b>	
Equity in pooled cash and cash equivalents	\$ 2,146,876
Total assets	2,146,876
<b>Net Position</b>	
Restricted for:	
Permanent fund purpose	
Expendable	2,197
Nonexpendable	50,000
Other purposes	58,011
Unrestricted	2,036,668
Total net position	\$ 2,146,876

See accompanying notes to the basic financial statements.

**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2014*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public service and programs	\$ 1,589,077	\$ 79,971	\$ 18	\$ (1,509,088)
Collection development and processing	496,735	-	3,968	(492,767)
Support Services:				
Facilities operation and maintenance	209,407	-	-	(209,407)
Information technology services	92,984	-	-	(92,984)
Business administration	128,574	-	-	(128,574)
Capital outlay	22,150	-	-	(22,150)
Total governmental activities	<u>2,538,927</u>	<u>79,971</u>	<u>3,986</u>	<u>(2,454,970)</u>
<b>General Receipts</b>				
Property taxes levied for:				
General purposes				1,227,042
Library and local government				1,276,011
Grants and entitlements not restricted to specific programs				180,432
Sale of capital assets				1,420
Interest				1,994
Miscellaneous				59,529
Total general receipts				<u>2,746,428</u>
Change in net position				291,458
Net position beginning of year				<u>1,855,418</u>
Net position end of year				<u>\$ 2,146,876</u>

See accompanying notes to the basic financial statements.

**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2014*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 2,036,668	\$ 110,208	\$ 2,146,876
<b>Fund Balances</b>			
Nonspendable	-	50,000	50,000
Restricted	-	57,727	57,727
Committed	-	2,481	2,481
Assigned	78,394	-	78,394
Unassigned	1,958,274	-	1,958,274
Total fund balances	<u>\$ 2,036,668</u>	<u>\$ 110,208</u>	<u>\$ 2,146,876</u>

See accompanying notes to the basic financial statements.

**Cuyahoga Falls Library**  
**Summit County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>			
Property and other local taxes	\$ 1,227,042	\$ -	\$ 1,227,042
Library and local government	1,276,011	-	1,276,011
Patron fines and fees	79,577	-	79,577
Intergovernmental	180,432	-	180,432
Gifts and contributions	-	3,955	3,955
Interest	1,994	31	2,025
Miscellaneous	59,190	733	59,923
Total receipts	<u>2,824,246</u>	<u>4,719</u>	<u>2,828,965</u>
<b>Disbursements</b>			
Library Services:			
Public services and programs	1,589,077	-	1,589,077
Collection development and processing	496,735	-	496,735
Support Services:			
Facilities operation and maintenance	209,407	-	209,407
Information technology services	92,984	-	92,984
Business administration	128,574	-	128,574
Capital outlay	22,150	-	22,150
Total disbursements	<u>2,538,927</u>	<u>-</u>	<u>2,538,927</u>
Excess of receipts over (under) disbursements	285,319	4,719	290,038
<b>Other financing sources (uses)</b>			
Sale of capital assets	-	1,420	1,420
Total other financing sources (uses)	<u>-</u>	<u>1,420</u>	<u>1,420</u>
Net change in fund balance	285,319	6,139	291,458
Fund balances beginning of year	1,751,349	104,069	1,855,418
Fund balances end of year	<u>\$ 2,036,668</u>	<u>\$ 110,208</u>	<u>\$ 2,146,876</u>

See accompanying notes to the basic financial statements.

**Cuyahoga Falls 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, 2014*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and other local taxes	\$ 1,166,797	\$ 1,166,797	1,227,042	\$ 60,245
Library and local government	1,213,361	1,213,361	1,276,011	62,650
Patron fines and fees	75,670	75,670	79,577	3,907
Intergovernmental	171,573	171,573	180,432	8,859
Interest	1,896	1,896	1,994	98
Miscellaneous	56,284	56,284	59,190	2,906
<b>Total receipts</b>	<u>2,685,581</u>	<u>2,685,581</u>	<u>2,824,246</u>	<u>138,665</u>
<b>Disbursements</b>				
Library Services:				
Public service and programs	1,627,003	1,627,003	1,561,567	65,436
Collection development and processing	595,678	595,678	571,720	23,958
Support Services:				
Facilities operation and maintenance	230,425	230,425	221,157	9,268
Information technology services	96,881	96,881	92,984	3,897
Business administration	138,306	138,306	132,743	5,563
Capital outlay	38,707	38,707	37,150	1,557
<b>Total disbursements</b>	<u>2,727,000</u>	<u>2,727,000</u>	<u>2,617,321</u>	<u>109,679</u>
Net change in fund balance	(41,419)	(41,419)	206,925	248,344
Fund balance at beginning of year	1,632,059	1,632,059	1,632,059	-
Prior year encumbrances appropriated	119,290	119,290	119,290	-
Fund balance at end of year	<u>\$ 1,709,930</u>	<u>\$ 1,709,930</u>	<u>\$ 1,958,274</u>	<u>\$ 248,344</u>

See accompanying notes to the basic financial statements.



**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

The Cuyahoga Falls Library was organized as a body corporate and politic in 1912 under the laws of the State of Ohio. The Library is directed by an eleven-member Board of Trustees of which five members are lifetime Trustees appointed by the Library Association, four members are appointed by the Mayor of Cuyahoga Falls, and two members are appointed by the Cuyahoga Falls City School District. The Library provides the community with various educational and literary resources. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

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

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Cuyahoga Falls 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. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Library participates in the Northeast Ohio Regional Library System (NEO-RLS) a jointly governed organization. Note 13 to the financial statements for additional information for this entity.

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 the Basis of Accounting section of this note, the financial statements of the Cuyahoga Falls 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.

**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

***Basis of Presentation***

The Library's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position and the Statement of Activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities are generally financed through taxes, intergovernmental receipts and other non-exchange transactions.

The Statement of Net Position 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 activity is self-financing on a cash basis or draws from the Library's general receipts.

***Fund Financial Statements***

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

***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 and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Building Fund*** The building fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

The other governmental funds of the Library account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

***Basis of Accounting***

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***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 Clerk Treasurer. 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.

***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."

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

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 (contra revenue), respectively.

During 2015 and 2014, 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, 2015 and 2014.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2015 amounted to \$2,190 which includes \$1,267 assigned from other Library funds. Interest receipts credited to the general fund during 2014 amounted to \$1,994 which includes \$186 assigned from other Library funds.

***Restricted Assets***

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

***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.

***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.

***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 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 principal portion of trusts.

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

***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 expenditures 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 expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***Interfund Receivables/Payables***

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***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.

***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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

***Long-Term Obligations***

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

***Net Position***

Net position is 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. Net position totaling \$50,000 in the permanent fund is non-expendable.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

***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.

**Note 3 – Change in Accounting Principle**

During 2015, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 did not affect the Library's beginning net position/fund balance.

**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 for 2015 and 2014 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 which are treated as disbursements (budgetary basis) rather than an assignment of fund balance (cash basis). The encumbrances outstanding at year end December 31, 2015 (budgetary basis) amount to \$90,691 for the general fund. The encumbrances outstanding at year end December 31, 2014 (budgetary basis) amounted to \$78,396 for the general fund.

**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 5 - Deposits and Investments**

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

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

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

At year end 2015 and 2014, the Library had \$80 in undeposited cash on hand respectively, which is included on the Statement of Net Position of the Library as part of “Equity in pooled cash and cash equivalents.”

***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, 2015, none of the Library’s bank balance of \$2,012,704 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. At December 31, 2014, none of the Library’s bank balance of \$2,084,078 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.

***Investments***

As of December 31, 2015 and 2014, the Library had \$63,631 and \$93,169 invested in STAR Ohio.

***Interest Rate Risk*** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy addresses interest rate risk by requiring that the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

***Credit Risk*** STAR Ohio carries a rating of AAA 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.



**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

**Note 6 – Grants in Aid and Property Taxes**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month. This method of distribution is called the “percentage of revenue” method. This method was not used for August 2011 through June 2013. During that 23 month period, PLF received a designated percentage of the dollar received by the fund during the corresponding month of the fiscal year 2011 “base-year” period. Effective July 2013, the statutory allocation method reverted to the “percentage of revenue” method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution, the “statutory allocation method” was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county’s allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014, the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements were computed in December 2014. The difference between the estimate and actual was adjusted evenly in the PLF distributions made from January-June 2015.

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016. 2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Library operations for the years ended December 31, 2015 and 2014, was 1.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

	2015	2014
Real Property	\$ 721,272,680	\$ 737,362,390
Public Utility Personal Property	4,089,820	3,933,040
Total	\$ 725,362,500	\$ 741,295,430

**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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

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

**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.

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

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.

OPRM coverage programs 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 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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 equity at December 31, 2013 and 2014 (the latest information available).

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**Cuyahoga Falls Library  
Summit County**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014*

**Note 9 - Defined Benefit Pension Plan**

Plan Description – Library employees 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in the OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642 or by calling or (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirements for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

**Note 9 - Defined Benefit Pension Plan (continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	State and Local	
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	14.0	%
Employee	10.0	%
<b>2015 Actual Contribution Rates</b>		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
Total Employer	14.0	%
Employee	10.0	%
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.		
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.		

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$167,107 for year 2015.

**Note 10 - Postemployment Benefits**

Plan Description - The Ohio Public Employees Retirement System (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; and the Combined Plan is a cost-sharing, multiple employer defined pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

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**Note 10 - Postemployment Benefits (continued)**

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015 and 2014, the local government employer contribution rate was 14 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees 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 2 percent during 2015 and 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent during 2015 and 2014. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Library's actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2015, 2014 and 2013 were \$23,872, \$21,703 and \$12,180, respectively, 100 percent has been contributed for 2015, 2014 and 2013.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expected to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Cuyahoga Falls Library**  
**Summit County**

*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

**Note 11 - 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 for 2015 and 2014 are presented below:

2015 Fund Balances	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>				
Scholarships	\$ -	\$ -	\$ 50,000	\$ 50,000
<u>Restricted for</u>				
Scholarships	-	-	1,255	1,255
Endowments and trusts	-	-	34,227	34,227
Total restricted	-	-	35,482	35,482
<u>Committed</u>				
Permanent improvements	-	1,095,288	-	1,095,288
<u>Assigned</u>				
Encumbrances	90,691	-	-	90,691
Unassigned	465,949	-	-	465,949
Total fund balances	<u>\$ 556,640</u>	<u>\$ 1,095,288</u>	<u>\$ 85,482</u>	<u>\$ 1,737,410</u>

2014 Fund Balances	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>			
Scholarships	\$ -	\$ 50,000	\$ 50,000
<u>Restricted for</u>			
Scholarships	-	2,197	2,197
Endowments and trusts	-	55,530	55,530
Total restricted	-	57,727	57,727
<u>Committed</u>			
Permanent improvements	-	2,481	2,481
<u>Assigned</u>			
Encumbrances	78,394	-	78,394
Unassigned	1,958,274	-	1,958,274
Total fund balances	<u>\$ 2,036,668</u>	<u>\$ 110,208</u>	<u>\$ 2,146,876</u>

**Cuyahoga Falls Library**  
**Summit County**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

**Note 12 – Transfers**

During 2015, the following transfers were made:

<b>Transfer to</b>	<b>Transfer from</b>			
	Major Funds		Other Governmental Funds	Total Governmental Funds
	General	Building		
Building	\$ 1,850,000	\$ -	\$ -	\$ 1,850,000

The above mentioned Transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 13 – Jointly Governed Organizations**

The Northeast Ohio Regional Library System (NEO-RLS) is an area service organization created and governed according to the provisions of Section 3375.90 of the Ohio Revised Code. NEO-RLS is comprised of public, academic, special and school libraries in twenty-three counties. The purpose of NEO-RLS is to provide an effective and efficient sharing of information, resources, and expertise. NEO-RLS’s Board of Trustees consists of fifteen full members with voting privileges elected by, from, and among the Advisory Council. The Advisory Council is comprised of a representative from each member library system. The Executive Director serves as an ex-officio, non-voting member. The Cuyahoga Falls Library’s control over budgeting and financing of NEO-RLS is limited to its voting authority and its representation on the Board of Trustees.

**Note 14 – Related Party Transactions**

The Library pays an annual fee to Northeast Ohio Regional Library System (NEO-RLS) a jointly governed organization of which the Library is a member. NEO-RLS provides information, resources and expertise to its members. The Library paid \$2,161 for annual dues in 2015 and \$2,625 for annual dues in 2014.

**Note 15 – Leases**

The Library leases equipment under a noncancelable lease. The Library disbursed \$144 to pay lease costs for the year ended December 31, 2015. Future lease payments are as follows:

Year	Amount
2016	\$1,726
2017	1,726
2018	1,583
Total	\$5,035

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# Dave Yost • Auditor of State

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

Cuyahoga Falls Library  
Summit County  
2015 3<sup>rd</sup> Street  
Cuyahoga Falls, Ohio 44221

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga Falls Library, Summit County, (the Library) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated November 18, 2016, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

***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, opining 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*.

***Entity's Response to Findings***

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 18, 2016

**CUYAHOGA FALLS LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Budgetary Statements**

<i>Finding Number</i>	2015-001
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SIGNIFICANT DEFICIENCY

Sound financial reporting is the responsibility of the Library's management and is essential to ensure the information provided to the readers of the financial statements and all other related information is complete and accurate.

It was noted that budgetary receipt and disbursement amounts were posted to the accounting system which did not agree to the official appropriations and estimated receipts as approved by the Library Board of Trustees and the Summit County Fiscal Office, respectively. The posting errors resulted in inaccurate budgetary information being presented to the Library Board of Trustees and also being included in the Library's December 31, 2015 and 2014 financial budgetary statements.

The Library's General Fund "Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual - Budget Basis" statements were adjusted to correct the following errors noted during testing:

Fiscal Year 2015:

Original Budgeted Receipts were understated by \$153,482 when compared to the Library's Original Certificate of Estimated Resources.

Final Budgeted Receipts were understated by \$172,024 when compared to the Library's Final Amended Certificate of Estimated Resources.

Both Original and Final Budgeted Disbursements were overstated by \$123,530 when compared to the Library's Original and Final Appropriation Measure.

Fiscal Year 2014:

Both Original and Final Budgeted Receipts were overstated by \$41,419 when compared to the Library's Original and Final Certificate of Estimated Resources.

Both Original and Final Budgeted Disbursements were overstated by \$139,244 when compared to the Library's Original and Final Appropriation Measure.

These errors were not identified due to deficiencies in the Library's internal controls which oversees budgetary data. Sound financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Only appropriations as approved by the Library's Board of Trustees and estimated receipts as approved by the Summit County Fiscal Office should be posted to the Library's accounting system and reported on the year-end financial budgetary statements.

Accurate reporting of budgetary information will assist the Library's Board of Trustees in making informed decisions regarding the spending of Library resources.

**Official's Response:** We will make sure the budgetary statements will be more accurately presented in the future.

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**CUYAHOGA FALLS LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 and 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
<b>2013-001</b>	<p><b>Lack of Controls over Cash Receipts</b></p> <p>The Library did not have proper internal controls in place to ensure actual cash receipts collected for patron fines and fees were the amounts recorded in the accounting system and deposited into the bank account.</p> <p>The lack of adequate internal controls resulted in a loss of \$369,848.</p>	<b>Yes</b>	<b>Corrected</b>

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# Dave Yost • Auditor of State

CUYAHOGA FALLS 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  
DECEMBER 20, 2016