



Mary Taylor, CPA
Auditor of State

**PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2009	11
Statement of Activities – Cash Basis – For the Year Ended December 31, 2009.....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds – December 31, 2009.....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – December 31, 2009	14
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2009	15
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities – For the Year Ended December 31, 2009	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2009.....	17
Statement of Fiduciary Assets and Liabilities – Cash Basis – Fiduciary Fund – December 31, 2009.....	18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2008	19
Statement of Activities – Cash Basis – For the Year Ended December 31, 2008.....	20
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2008.....	21

PORTER PUBLIC LIBRARY
CUYAHOGA COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – December 31, 2008	22
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2008	23
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities – For the Year Ended December 31, 2008	24
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2008	25
Statement of Fiduciary Assets and Liabilities - Cash Basis – Fiduciary Fund – December 31, 2008.....	26
Notes to the Basic Financial Statements	27
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Porter Public Library
Cuyahoga County
27333 Center Ridge Road
Westlake, Ohio 44145

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Porter Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2009, and 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express 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 the Porter Public Library, Cuyahoga County, Ohio, as of December 31, 2009, and 2008, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 24, 2010

Porter Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

This discussion and analysis of the Porter Public Library's ("the Library") financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2009 and December 31, 2008, 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.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$641,689 or 20.92 percent, a significant increase from the prior year. Two funds were significantly affected by the increase in cash and cash equivalents. They were the General Fund and the Permanent Improvement Fund.

The Library's general receipts were primarily property taxes and Intergovernmental Revenue. In 2009 these receipts represent, respectively, 64.38 and 31.11 percent of the total cash received for governmental activities during the year. There was a 29.06 percent increase in collected property taxes due to a .30 increase in millage voted in by the residents of Westlake on March 4, 2008. At the same time, the poor economic climate in the State of Ohio along with the change in funding structure for Intergovernmental Revenue reduced that revenue source by 5.80 percent. Also, interest rates dropped dramatically during the period. Growth in the Permanent Improvement Fund came due to a transfer from the Automation Fund for future capital improvements.

The Board of Trustees approved a Long Range Capital Improvement Plan recommended by the Administrative Staff which will be implemented over the next five to twenty years. This necessitated a financial plan to set funds aside in the Permanent Improvement Fund to care for these improvements. As a result, there were deliberate reductions recommended by the Administrative Staff to the Library's general expenses. These reductions included a conditional hiring freeze, a 10.00 percent reduction in supply budgets, a careful review and renegotiation of all contracted services, and an 18.00 percent reduction in library materials. As a result, the Library's general expenses decreased by \$122,388 or 2.58 percent during 2009.

The Library did undertake a small landscaping project funded entirely by gift revenue. A major part of the donation was received from Friends of Porter Public Library. Other gift revenue was received from generous patrons.

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$88,123 or 2.79 percent.

The Library's general receipts were primarily property taxes and Intergovernmental Revenue. In 2008 these receipts represent, respectively, 56.64 and 37.51 percent of the total cash received for governmental activities during the year. The Public Library Fund ("PLF") remained fairly stable due to a freeze of the PLF by the Ohio Legislature; Property tax income grew slightly; and, interest income dropped considerably due to

Porter Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

lower rates. Growth in the Automation Fund came due to a transfer from the General Fund for future automation improvements.

Some of the improvements the Library made which are included in the general expenses are: replacing carpeting in the Library lobby, painting various areas, upgrading staff computers, and upgrades to the automated catalog system, SIRSI. Expenses increased \$304,014 or 6.61 percent.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the 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 the use of which is restricted to a particular specified purpose. These statements present financial information by fund, presenting major 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 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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include patron fines and fees and

Porter Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and the Public Library Fund (PLF).

In the statement of net assets and the statement of activities the Library reports Governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and the PLF. 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 Library has two types of funds – Governmental and Fiduciary.

Governmental Funds – The Library's 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 information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column titled Other Governmental Funds. The Library's major governmental funds are the General Fund, the Permanent Improvement Fund and the Automation Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Library. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Library's programs. The Library reports one Agency Fund which holds funds for employees participating in a Flex One Plan through AFLAC.

Porter Public Library
 Cuyahoga County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2009 and December 31, 2008
 Unaudited

The Library as a Whole

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

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$3,708,525	\$ 3,066,836
Total Assets	<u>\$3,708,525</u>	<u>\$ 3,066,836</u>
Net Assets		
Restricted for:		
Capital Projects	1,043,915	1,165,495
Special Revenue Funds	137,264	135,847
Permanent Fund Purpose		
Expendable	36,897	34,522
Non Expendable	43,563	43,563
Unrestricted	<u>2,446,886</u>	<u>1,687,409</u>
Total Net Assets	<u>\$3,708,525</u>	<u>\$ 3,066,836</u>

Porter Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

Table 2 reflects the changes in net assets in 2009 and 2008.

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 107,111	\$ 106,704
Operating Grants and Contributions	42,744	14,251
Capital Grants and Contributions	28,233	11,464
Total Program Receipts	<u>178,088</u>	<u>132,419</u>
General Receipts:		
Property and Other Local Taxes	3,519,750	2,727,207
Unrestricted Gifts & Contributions	5,662	4,116
Grants and Entitlements Not Restricted to Specific Programs	1,701,127	1,805,930
Sale of Capital Assets	1,826	1,297
Interest	45,621	137,623
Miscellaneous	15,408	6,499
	<u>5,289,394</u>	<u>4,682,672</u>
Total Receipts	<u>5,467,482</u>	<u>4,815,091</u>
Disbursements:		
Current:		
General Library Services	4,617,124	4,739,512
Capital Outlay	208,669	163,702
Total Disbursements	<u>4,825,793</u>	<u>4,903,214</u>
Change in Net Assets	641,689	(88,123)
Net Assets, January 1	<u>\$ 3,066,836</u>	<u>\$ 3,154,959</u>
Net Assets, December 31	<u>\$ 3,708,525</u>	<u>\$ 3,066,836</u>

Program receipts in 2009 and 2008 represent only 3.26 percent and 2.75 percent, respectively, of total receipts. These receipts are primarily fines and fees from overdue and lost materials as well as charges for printing and making copies.

General receipts in 2009 and 2008 represent 96.74 and 97.25 percent, respectively, of the Library's total receipts, and of this amount 64.38 and 56.64 percent, respectively, are Property and Other Local taxes with 31.11 and 37.51 percent, respectively, coming from State and federal grants and entitlements. Interest revenue dropped dramatically in 2009 decreasing by 66.85 percent.

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

Porter Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

Governmental Activities

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

(Table 3)

<u>Governmental Activities</u>	Total Cost Of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
General Library Services	\$ 4,617,124	\$ 4,467,269	\$ 4,739,512	\$ 4,618,557
Capital Outlay	208,669	180,436	163,702	152,238
Total Governmental Activities	<u>\$ 4,825,793</u>	<u>\$ 4,647,705</u>	<u>\$ 4,903,214</u>	<u>\$ 4,770,795</u>

The Library's Funds

Total governmental funds had receipts (not including other financing sources) in 2009 and 2008 of \$5,467,482 and \$4,815,091, respectively, and disbursements (not including other financing uses) of \$4,825,793 and \$4,903,214, respectively. In governmental funds the greatest change occurred in the fund balance of the General Fund which decreased in 2008 by \$235,626 as a result of being at the end of a levy cycle. With the passage of a new levy, which increased millage from 2.5 to 2.8, the fund balance increased in 2009 by \$759,477.

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.

During fiscal years 2009 and 2008, the Library's General Fund was stable. Final disbursements and transfers for 2009 and 2008 were budgeted at \$5,419,785 and \$5,584,701, respectively, while actual disbursements and transfers were \$4,794,933 and \$5,155,624, respectively.

Porter Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

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 PLF funding. PLF funding is based on 2.2 percent of the State of Ohio's General Revenue. In July of 2009 this percentage was reduced temporarily to 1.97 percent. That, combined with Ohio's poor economic conditions, has reduced PLF funding considerably. At the same time, the Board requested a twenty-year capital improvement forecast and, as a result of its findings, implemented a program to begin transferring funds from the General Operating Fund to the Capital Improvement Fund to handle these future expenses. As a result, cuts were made to the General Operating Fund to meet this need.

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 Judy Dobbs, Fiscal Officer, Porter Public Library, 27333 Center Ridge Road, Westlake, Ohio, 44145.

This page intentionally left blank.

Porter Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,708,525
<i>Total Assets</i>	\$3,708,525
 Net Assets	
Restricted for:	
Capital Projects	\$1,043,915
Special Revenue Funds	137,264
Permanent Fund Purpose	
Expendable	36,897
Nonexpendable	43,563
Unrestricted	2,446,886
<i>Total Net Assets</i>	\$3,708,525

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash</u> <u>Disbursements</u>	<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities					
Library Services:					
General Library Services	\$4,617,124	\$107,111	\$42,744		(\$4,467,269)
Capital Outlay	208,669			\$28,233	(180,436)
<i>Total Governmental Activities</i>	<u>\$4,825,793</u>	<u>\$107,111</u>	<u>\$42,744</u>	<u>\$28,233</u>	<u>(\$4,647,705)</u>
General Receipts					
Property Taxes Levied for General Purposes					3,519,750
Unrestricted Gifts and Contributions					5,662
Grants and Entitlements not Restricted to Specific Programs					1,701,127
Sale of Capital Assets					1,826
Interest					45,621
Miscellaneous					15,408
<i>Total General Receipts</i>					5,289,394
Change in Net Assets					641,689
<i>Net Assets, Beginning of Year</i>					<u>3,066,836</u>
<i>Net Assets, End of Year</i>					<u>\$3,708,525</u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Permanent Improvement Fund	Automation Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,446,887	\$592,608	\$418,555	\$250,475	\$3,708,525
<i>Total Assets</i>	<u>\$2,446,887</u>	<u>\$592,608</u>	<u>\$418,555</u>	<u>\$250,475</u>	<u>\$3,708,525</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$177,923	\$0	\$2,000	\$8,610	\$188,533
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	2,268,964				2,268,964
Special Revenue Funds				137,264	137,264
Capital Projects Funds		592,608	416,555	24,141	1,033,304
Permanent Funds				80,460	80,460
<i>Total Fund Balances</i>	<u>\$2,446,887</u>	<u>\$592,608</u>	<u>\$418,555</u>	<u>\$250,475</u>	<u>\$3,708,525</u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2009

Total Governmental Fund Balances	\$3,708,525
---	--------------------

<i>Net Assets of Governmental Activities</i>	<u><u>\$3,708,525</u></u>
--	---------------------------

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Permanent Improvement Fund	Automation Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$3,519,750				\$3,519,750
Intergovernmental	1,701,127				1,701,127
Patron Fines and Fees	89,029				89,029
Contributions, Gifts and Donations	665			\$75,974	76,639
Earnings on Investments	30,479	\$5,893	\$5,329	3,920	45,621
Miscellaneous	35,316				35,316
<i>Total Receipts</i>	<u>5,376,366</u>	<u>5,893</u>	<u>5,329</u>	<u>79,894</u>	<u>5,467,482</u>
Disbursements					
Current					
General Library Services	4,585,629			31,495	4,617,124
Capital Outlay	31,381	15,687	70,486	91,115	208,669
<i>Total Disbursements</i>	<u>4,617,010</u>	<u>15,687</u>	<u>70,486</u>	<u>122,610</u>	<u>4,825,793</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>759,356</u>	<u>(9,794)</u>	<u>(65,157)</u>	<u>(42,716)</u>	<u>641,689</u>
Other Financing Sources (Uses)					
Transfers In	121	75,000		31,246	106,367
Transfers Out			(75,000)	(31,367)	(106,367)
<i>Total Other Financing Sources (Uses)</i>	<u>121</u>	<u>75,000</u>	<u>(75,000)</u>	<u>(121)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	759,477	65,206	(140,157)	(42,837)	641,689
<i>Fund Balances, Beginning of Year</i>	<u>1,687,410</u>	<u>527,402</u>	<u>558,712</u>	<u>293,312</u>	<u>3,066,836</u>
<i>Fund Balances, End of Year</i>	<u>\$2,446,887</u>	<u>\$592,608</u>	<u>\$418,555</u>	<u>\$250,475</u>	<u>\$3,708,525</u>

See accompanying notes to the basic financial statements

**Porter Public Library
Cuyahoga County**
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$641,689
---	-----------

<i>Change in Net Assets of Governmental Activities</i>	<u>\$641,689</u>
--	------------------

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$3,787,030	\$3,519,750	\$3,519,750	\$0
Intergovernmental	1,255,800	1,701,127	1,701,127	0
Patron Fines and Fees	90,000	87,500	89,029	1,529
Contributions, Gifts and Donations	0	615	665	50
Earnings on Investments	60,000	30,479	30,479	0
Miscellaneous	37,100	35,042	35,316	274
<i>Total receipts</i>	<u>5,229,930</u>	<u>5,374,513</u>	<u>5,376,366</u>	<u>1,853</u>
Disbursements				
Current				
General Library Services	5,357,813	5,357,813	4,761,004	596,809
Capital Outlay	61,972	61,972	33,929	28,043
<i>Total Disbursements</i>	<u>5,419,785</u>	<u>5,419,785</u>	<u>4,794,933</u>	<u>624,852</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(189,855)</u>	<u>(45,272)</u>	<u>581,433</u>	<u>626,705</u>
Other Financing Sources (Uses)				
Transfers In	0	0	121	121
Transfers Out				0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>121</u>	<u>121</u>
<i>Net Change in Fund Balance</i>	(189,855)	(45,272)	581,554	626,826
<i>Fund Balance, Beginning of Year</i>	1,503,492	1,503,492	1,503,492	0
Prior Year Encumbrances Appropriated	183,918	183,918	183,918	0
<i>Fund Balance, End of Year</i>	<u>\$1,497,555</u>	<u>\$1,642,138</u>	<u>\$2,268,964</u>	<u>\$626,826</u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Fiduciary Assets and Liabilities - Cash Basis
Fiduciary Fund
December 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,000
<i>Total Assets</i>	<u>\$5,000</u>
Liabilities	
Deposits Held and Due to Others	<u>\$5,000</u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,066,836
<i>Total Assets</i>	\$3,066,836
 Net Assets	
Restricted for:	
Capital Projects	\$1,165,495
Special Revenue Funds	135,847
Permanent Fund Purpose	
Expendable	34,522
Nonexpendable	43,563
Unrestricted	1,687,409
<i>Total Net Assets</i>	\$3,066,836

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Library Services:					
General Library Services	\$4,739,512	\$106,704	\$14,251		(\$4,618,557)
Capital Outlay	163,702			\$11,464	(152,238)
<i>Total Governmental Activities</i>	<u>\$4,903,214</u>	<u>\$106,704</u>	<u>\$14,251</u>	<u>\$11,464</u>	<u>(\$4,770,795)</u>
General Receipts					
Property Taxes Levied for General Purposes					2,727,207
Unrestricted Gifts and Contributions					4,116
Grants and Entitlements not Restricted to Specific Programs					1,805,930
Sale of Capital Assets					1,297
Interest					137,623
Miscellaneous					6,499
<i>Total General Receipts</i>					<u>4,682,672</u>
Change in Net Assets					(88,123)
<i>Net Assets, Beginning of Year</i>					<u>3,154,959</u>
<i>Net Assets, End of Year</i>					<u><u>\$3,066,836</u></u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Permanent Improvement Fund	Automation Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,687,410	\$527,402	\$558,712	\$293,312	\$3,066,836
<i>Total Assets</i>	<u>\$1,687,410</u>	<u>\$527,402</u>	<u>\$558,712</u>	<u>\$293,312</u>	<u>\$3,066,836</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$183,918			\$1,860	\$185,778
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,503,492				1,503,492
Special Revenue Funds				135,847	135,847
Capital Projects Funds		527,402	558,712	77,520	1,163,634
Permanent Funds				78,085	78,085
<i>Total Fund Balances</i>	<u>\$1,687,410</u>	<u>\$527,402</u>	<u>\$558,712</u>	<u>\$293,312</u>	<u>\$3,066,836</u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008

Total Governmental Fund Balances	\$3,066,836
<i>Net Assets of Governmental Activities</i>	<u><u>\$3,066,836</u></u>

See accompanying notes to the basic financial statements

Porter Public Library
Cuyahoga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Permanent Improvement Fund	Automation Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$2,727,207				\$2,727,207
Intergovernmental	1,805,930				1,805,930
Patron Fines and Fees	89,751				89,751
Contributions, Gifts and Donations	556			\$29,275	29,831
Earnings on Investments	86,862	\$19,808	\$17,603	13,350	137,623
Miscellaneous	24,749				24,749
<i>Total Receipts</i>	<u>4,735,055</u>	<u>19,808</u>	<u>17,603</u>	<u>42,625</u>	<u>4,815,091</u>
Disbursements					
Current					
General Library Services	4,723,965			15,547	4,739,512
Capital Outlay	147,741			15,961	163,702
<i>Total Disbursements</i>	<u>4,871,706</u>	<u>0</u>	<u>0</u>	<u>31,508</u>	<u>4,903,214</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(136,651)</u>	<u>19,808</u>	<u>17,603</u>	<u>11,117</u>	<u>(88,123)</u>
Other Financing Sources (Uses)					
Transfers In	1,025		100,000	3,396	104,421
Transfers Out	(100,000)			(4,421)	(104,421)
<i>Total Other Financing Sources (Uses)</i>	<u>(98,975)</u>	<u>0</u>	<u>100,000</u>	<u>(1,025)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(235,626)</u>	<u>19,808</u>	<u>117,603</u>	<u>10,092</u>	<u>(88,123)</u>
<i>Fund Balances, Beginning of Year</i>	<u>1,923,036</u>	<u>507,594</u>	<u>441,109</u>	<u>283,220</u>	<u>3,154,959</u>
<i>Fund Balances, End of Year</i>	<u>\$1,687,410</u>	<u>\$527,402</u>	<u>\$558,712</u>	<u>\$293,312</u>	<u>\$3,066,836</u>

See accompanying notes to the basic financial statements

**Porter Public Library
Cuyahoga County**
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2008*

Net Change in Fund Balances - Total Governmental Funds (88,123)

Change in Net Assets of Governmental Activities (88,123)

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$2,941,022	\$3,188,353	\$2,727,207	(\$461,146)
Intergovernmental	1,408,980	1,378,870	1,805,930	427,060
Patron Fines and Fees	95,000	95,000	89,751	(5,249)
Contributions, Gifts and Donations	0	250	556	306
Earnings on Investments	118,000	88,000	86,862	(1,138)
Miscellaneous	30,200	27,545	24,749	(2,796)
<i>Total receipts</i>	<u>4,593,202</u>	<u>4,778,018</u>	<u>4,735,055</u>	<u>(42,963)</u>
Disbursements				
Current				
General Library Services	5,266,546	5,266,546	4,862,910	403,636
Capital Outlay	218,155	218,155	192,714	25,441
<i>Total Disbursements</i>	<u>5,484,701</u>	<u>5,484,701</u>	<u>5,055,624</u>	<u>429,077</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(891,499)</u>	<u>(706,683)</u>	<u>(320,569)</u>	<u>386,114</u>
Other Financing Sources (Uses)				
Transfers In			1,025	1,025
Transfers Out	(100,000)	(100,000)	(100,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(98,975)</u>	<u>1,025</u>
<i>Net Change in Fund Balance</i>	(991,499)	(806,683)	(419,544)	387,139
<i>Fund Balance, Beginning of Year</i>	1,593,419	1,593,419	1,593,419	0
Prior Year Encumbrances Appropriated	329,617	329,617	329,617	0
<i>Fund Balance, End of Year</i>	<u>\$931,537</u>	<u>\$1,116,353</u>	<u>\$1,503,492</u>	<u>\$387,139</u>

See accompanying notes to the basic financial statements

**Porter Public Library
Cuyahoga County**

*Statement of Fiduciary Assets and Liabilities - Cash Basis
Fiduciary Fund
December 31, 2008*

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,000</u>
<i>Total Assets</i>	<u><u>\$5,000</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$5,000</u></u>

See accompanying notes to the basic financial statements

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

Note 1 – Description of the Library and Reporting Entity

Library service began in Dover, now known as Westlake, Ohio, in 1884 under the name of the Dover Literary Society. From this small beginning the Porter Public Library was organized as a school district public library in 1938 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Westlake 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 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 Westlake 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 Friends of the Porter Public Library, Inc. 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. Therefore, this organization has been excluded from the reporting entity of the Library.

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 Porter 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

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

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

The statements of net assets present the cash balance of the governmental activities of the Library at each year end. The statements of activities compare 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 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, 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. Fiduciary funds are reported by type.

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 and are divided into two categories: governmental and fiduciary.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts, and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

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.

Permanent Improvement Fund – The permanent improvement fund accounts for monies set aside by the Board of Library Trustees specifically for major capital improvements.

Automation Fund - The automation fund accounts for monies set aside by the Board of Library Trustees specifically for major technology improvements.

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

Fiduciary Funds

The Library's Fiduciary fund includes an agency fund. Agency funds are purely custodial and are used to hold resources for individuals, organizations or other governments. The Library's agency fund accounts for its employees' Medical Flexible Spending Account

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.

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

D. Budgetary Process

All funds (except agency funds) are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and major 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 revenues to be received during the year. These estimated revenues, 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.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

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 to 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 2009 and 2008, investments were limited to Federal National Mortgage Association Discount Notes, Federal Home Loan Mortgage Corporation Discount Notes, Federal Home Loan Bank Notes, United States Treasury Bills, STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio these investments are recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009 and December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to all governmental funds during 2009 and 2008 amounted to \$45,621 and \$137,623.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. The Library had \$80,460 at December 31, 2009 and \$78,085 at December 31, 2008 in Expendable and Non Expendable Permanent Funds as well as \$1,043,915 and \$1,165,495, respectively in Capital Projects and \$137,264 and \$135,847 respectively, in Special Revenue Funds.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Inter-fund Receivables/Payables

The Library had no inter-fund receivables/payables during this reported period.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Library has no long term obligations.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

The Library had \$1,181,179 at December 31, 2009 and \$1,301,342 at December 31, 2008 restricted from capital projects and other purposes other than the Permanent Funds discussed in Note F above.

N. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods 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 – 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. These are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end December 31, 2009 and December 31, 2008 (budgetary basis) amounted to \$177,923 and \$183,918 for the General Fund. There were no outstanding advances for the General Fund during 2009 and 2008.

Note 4 - 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

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

3. 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;
4. 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;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
7. 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;
8. The State Treasurer's investment pool (STAR Ohio).

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

At year end December 31, 2009 and December 31, 2008, the Library had \$1,236 in undeposited cash on hand for petty cash purposes, which is included as part of Equity in Pooled Cash and Cash Equivalents on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end 2009 the carrying amount of the Library's deposits was \$3,030,615 and the bank balance was \$3,146,156. At fiscal year end 2008 the carrying amount of the Library's deposits was \$723,899 and the bank balance was \$704,028. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investments of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by the FDIC.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

The Library has no deposit policy for custodial risk beyond the requirements of State statute contained in ORC Section 135. 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 times shall be at least one hundred five percent of the deposits secured.

Investments

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

<u>Type</u>	<u>Carrying Value</u>	<u>Investment to Maturity in Days</u>
STAR Ohio	\$ 431,699	61
FHLMC	<u>249,975</u>	43
Total Investments	<u>\$ 681,674</u>	

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

<u>Type</u>	<u>Carrying Value</u>	<u>Investment to Maturity in Days</u>
STAR Ohio	\$ 453,189	55
T BILL	198,768	15
T BILL	247,763	29
FHLB	299,866	44
T BILL	247,725	65
FNMA	250,000	471
FHLMC	299,775	492
FHLMC	99,640	314
FHLMC	<u>249,975</u>	408
Total Investments	<u>\$ 2,346,701</u>	

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. The Library investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow.

The Library's investment policy does not deal with investment credit risk beyond the requirements in State statute contained in ORC Section 135. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

nationally recognized standard rating service.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, the Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states: "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 – 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 county's prior intangibles tax of PLF revenues, and its population. The County Budget Commission allocates these funds to the Library based on the needs such as for the construction of new Library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Property taxes include amounts levied against all real, public utility property, and tangible personal property located in the Westlake School District. Real Property tax revenue received during 2009 (2008) represents the collection of the 2008 (2007) taxes. Real property taxes received in 2009 (2008) were levied after October 1, 2008 (2007) on the assessed values as of January 1, 2008 (2007), the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established. 2008 (2007) real property taxes are collected in and intended to finance 2009 (2008).

Public utility tangible personal property tax is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 (2008) public utility property taxes which became a lien on December 31, 2008 (2007), are levied after October 1, 2009 (2008), and are collected in 2009 (2008) with real property taxes.

2008 tangible property taxes are levied after October 1, 2008 (2007), on the value as of December 31, 2008 (2007). Collections are made in 2008. 2009 Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory is zero percent for 2009, and 6.25 for 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

The full tax rate for all Library operations for the year ended December 31, 2009 was 2.80 (2.8 mills) per \$1,000 of assessed value and for the year ended December 31, 2008 was 2.50 (2.5 mills) per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based were as follows:

<u>Assessed Values</u>	<u>2009</u>	<u>2008</u>
Real Property		
Residential/Agricultural	\$1,013,775,970	\$1,006,382,880
Other Real Estate	368,240,130	364,490,790
Public Utility Property		
Personal	16,859,840	15,913,580
Tangible Personal Property	12,193,793	21,832,430
	<u>\$1,411,069,733</u>	<u>\$1,408,619,680</u>

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 6 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009 the Library contracted with Cincinnati Insurance Company for the following types of insurance coverage:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Cincinnati Insurance Company	Commercial	
	Building	\$9,100,000
	Personal Property	\$1,001,813
	Inland Marine	\$8,644,159
	General Liability	
	Per occurrence	\$1,000,000
	Aggregate	\$2,000,000
	Umbrella	\$2,000,000
	Automobile	\$500,000
	Commercial Crime	
	Employee Dishonesty	\$10,000
	Public Official Bond	\$50,000
	Library Officials	\$2,000,000

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

During 2008 the Library contracted with Cincinnati Insurance Company for the following types of insurance coverage:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Cincinnati Insurance Company	Commercial	
	Building	\$9,100,000
	Personal Property	\$1,001,813
	Inland Marine	\$8,644,159
	General Liability	
	Per occurrence	\$1,000,000
	Aggregate	\$2,000,000
	Umbrella	\$2,000,000
	Automobile	\$500,000
	Commercial Crime	
	Employee Dishonesty	\$10,000
	Public Official Bond	\$50,000
	Library Officials	\$2,000,000

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

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. For the years ending December 31, 2009 and December 31, 2008, the Library contributed at a rate of 14.0 percent of covered payroll and members contributed at a rate of 10.0 percent. The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$336,836, \$342,563 and \$319,546 respectively; 92.41 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions made by the Library to the member-directed plan for

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

2009, 2008, and 2007 were \$19,630, 19,779, and 20,025, respectively, and \$14,022, 14,128, and 13,735 respectively, was made by the plan members.

Note 8 – Postemployment Benefits

OPERS maintains a cost-sharing multiple employer defined benefit post-employment Health care 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. This health care coverage qualifies as an Other Post Employment Benefit (OPEB). Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Active members do not make contributions to the OPEB Plan.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code 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 benefits.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). 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. For 2009 the portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31 and 5.50 percent from April 1 through December 31, 2009, or \$148,930. In 2008, the portion of employer contribution allocated to the health care plan was 7.0 percent for the entire year, or \$181,170. 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.

The number of active contributing participants in the traditional and combined plans was 357,584 as of December 31, 2009 and 356,388 as of December 31, 2008. OPERS' net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

In response to increasing health care costs, the Health Care Preservation Plan (HCPP) was adopted by the OPERS Retirement Board on September 9, 2004, and became effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 through 2008. These rate increases allowed additional funds to be allocated to the health care plan thus improving the financial solvency of the fund.

Porter Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and December 31, 2008

Note 9– Leases

The Library leases buildings, vehicles and other equipment under noncancelable leases. The Library disbursed \$26,109 and \$28,277, respectively, to pay lease costs for the year ended December 31, 2009 and December 31, 2008. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2010-14	\$ 77,940
2015-19	\$ 25,000
2020	<u>\$ 5,000</u>
Total	<u>\$107,940</u>

Note 10 – Interfund Transfers

In 2009 the Development Fund transferred \$6,246 of unused funding to the Building Fund for landscaping and \$121 to the General Fund for art. The Friends Fund transferred \$25,000 to the Building Fund for landscaping. The Automation Fund transferred \$75,000 to the Permanent Improvement Fund for future capital improvements. In 2008 the General Fund transferred \$100,000 of unused funding to the Automation Fund. The Development Fund transferred \$3,396 of unused funding to the Building Fund for landscaping and \$1,025 to the General Fund for art. .

Note 11 – Related Organizations

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

The Library has the following affiliate organizations for which it is not accountable: Friends of Westlake Porter Public Library and Westlake Porter Public Library Foundation.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Porter Public Library
Cuyahoga County
27333 Center Ridge Road
Westlake, Ohio 44145

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Porter Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2009, and 2008, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 24, 2010, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We intend this report solely for the information and use of management, the audit committee, the Library 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 24, 2010



Mary Taylor, CPA
Auditor of State

PORTER PUBLIC LIBRARY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 21, 2010