

**SHAKER HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDITED)**

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

DOLORES AIKEN, FISCAL OFFICER



Dave Yost • Auditor of State

Board of Trustees
Shaker Heights Public Library
16500 Van Aken Boulevard
Shaker Heights, Ohio 44120

We have reviewed the *Independent Accountants' Report* of the Shaker Heights Public Library, Cuyahoga County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Shaker Heights Public Library is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 28, 2013

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**SHAKER HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Accountants' Report

Shaker Heights Public Library
Cuyahoga County
16500 Van Aken Boulevard
Shaker Heights, Ohio 44120

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Shaker Heights Public Library, Cuyahoga County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Shaker Heights Public Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Shaker Heights Public 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, its major fund, and the aggregate remaining fund information of the Shaker Heights Public Library, Cuyahoga County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011, the Shaker Heights Public Library adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Shaker Heights Public Library
Independent Accountants' Report
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, on our consideration of the Shaker Heights Public 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.

We conducted our audit to opine on the Shaker Heights Public Library's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net cash assets, changes in net cash assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Julian & Grube, Inc.
June 14, 2013

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Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2011
Unaudited

The management's discussion and analysis of the Shaker Heights Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2011, 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 2011 are as follows:

- 2011 disbursements are less than 2010 disbursement due to open staff positions, filling vacant full-time positions with non full-time hires, and reduced hours for non full-time employees.
- The Library's revenue decreased compared to 2010 due to the timing difference in the real estate tax receipts, the loss of CAT receipt of \$23,220, and the second half payment of the property tax rollback being slightly less than 2010.
- The Library has been designated as a five-star library by *Library Journal* for the fourth consecutive year.

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 whose use is restricted to a particular purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the governmental-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2011
Unaudited

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 the financial statements on a cash basis of accounting. This approach is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable), and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2011, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as property taxes and 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 the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2011
Unaudited

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 restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Governmental Funds – The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The 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 fund is the general fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2011 compared to 2010 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2011	2010	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,537,664	\$1,178,707	\$358,957
Net Assets			
Restricted for			
Other Purposes	\$9,115	\$83,369	(\$74,254)
Unrestricted	1,528,549	1,095,338	433,211
Total Net Assets	\$1,537,664	\$1,178,707	\$358,957

Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2011
Unaudited

Table 2 reflects the changes in net assets in 2011 compared to 2010 on a cash basis:

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2011	2010	Change
Receipts:			
<i>Program Receipts</i>			
Charges for Services and Sales	\$148,999	\$174,301	(\$25,302)
Operating Grants and Contributions	74,811	55,197	19,614
<i>Total Program Receipts</i>	223,810	229,498	(5,688)
<i>General Receipts</i>			
Property Taxes	2,913,919	3,013,373	(99,454)
Grants and Entitlements Not Restricted to Specific Programs	1,905,593	1,876,170	29,423
Unrestricted Contributions and Donations	54,980	1,375	53,605
Interest	2,978	7,751	(4,773)
Miscellaneous	58,179	97,607	(39,428)
<i>Total General Receipts</i>	4,935,649	4,996,276	(60,627)
<i>Total Receipts</i>	5,159,459	5,225,774	(66,315)
Disbursements:			
Instruction:			
General Library Services	4,742,662	4,866,094	123,432
Capital Outlay	57,840	4,290	(53,550)
<i>Total Disbursements</i>	4,800,502	4,870,384	69,882
Excess of Receipts over Disbursements	358,957	355,390	3,567
Net Assets Beginning of Year	1,178,707	823,317	355,390
Net Assets End of Year	\$1,537,664	\$1,178,707	\$358,957

Property taxes and intergovernmental receipts in 2011 are 93.41 percent of total receipts. Property taxes decreased, primarily due to lower valuations. Earnings on investments decreased during 2011, due to lower interest rates.

Disbursements for general library services represent the costs of running the library. These disbursements decreased slightly in 2011 due to not filling one vacant employee position.

Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2011
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, identifies 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) column compares the program receipts to the cost of the service. This net cost amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Disbursements:				
General Library Services	\$4,742,662	(\$4,518,852)	\$4,866,094	(\$4,636,596)
Capital Outlay	57,840	(57,840)	4,290	(4,290)
<i>Total Disbursements</i>	\$4,800,502	(\$4,576,692)	\$4,870,384	(\$4,640,886)

The Library's Funds

Total governmental funds had receipts in 2011 of \$5,159,459, and disbursements of \$4,800,502. The fund balance of the general fund increased \$358,314 in 2011, primarily due to the decreased amount of the final bond renovation payment to the City.

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 calendar year 2011, the Library's general fund budget was stable. Final disbursements, transfers, and advances for 2011 were budgeted at \$5,126,959, while actual disbursements, transfers, and advances were \$4,891,034. Maintaining actual disbursements below projected levels allowed the Library to minimize decreases to the general fund during this period.

Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2011
Unaudited

Debt Administration

At December 31, 2011, the Library had no debt obligations.

Current Issues

One area of concern continues to be the containment of health care costs. The Library has worked hard to control increases in this area by seeking competitive proposals and by using a Health Reimbursement Account plan with higher deductibles. This has allowed the Library to maintain high levels of coverage for employees at the lowest cost possible.

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 Dolores Aiken, Fiscal Officer, Shaker Heights Public Library, 16500 Van Aken Boulevard, Shaker Heights, Ohio 44120.

Shaker Heights Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,537,664</u>
Net Assets	
Restricted for Other Purposes	\$9,115
Unrestricted	<u>1,528,549</u>
<i>Total Net Assets</i>	<u><u>\$1,537,664</u></u>

See accompanying notes to the basic financial statements

Shaker Heights Public Library
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities				
General Library Services	\$4,742,662	\$148,999	\$74,811	(\$4,518,852)
Capital Outlay	57,840	0	0	(57,840)
<i>Total Governmental Activities</i>	<u>\$4,800,502</u>	<u>\$148,999</u>	<u>\$74,811</u>	<u>(4,576,692)</u>
General Receipts				
				2,913,919
Property Taxes Levied for General Purposes				1,905,593
Grants and Entitlements not Restricted to Specific Programs				54,980
Unrestricted Contributions and Donations				2,978
Interest				58,179
Miscellaneous				<u>4,935,649</u>
<i>Total General Receipts</i>				<u>4,935,649</u>
Change in Net Assets				358,957
<i>Net Assets Beginning of Year</i>				<u>1,178,707</u>
<i>Net Assets End of Year</i>				<u><u>\$1,537,664</u></u>

See accompanying notes to the basic financial statements

Shaker Heights Public Library
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,453,652	\$84,012	\$1,537,664
Fund Balances			
Restricted	\$0	\$9,115	\$9,115
Committed	0	74,897	74,897
Assigned	639,765	0	639,765
Unassigned	813,887	0	813,887
<i>Total Fund Balances</i>	\$1,453,652	\$84,012	\$1,537,664

See accompanying notes to the basic financial statements

Shaker Heights Public Library
Cuyahoga County

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

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	\$2,913,919	\$0	\$2,913,919
Intergovernmental	1,905,593	74,811	1,980,404
Patron Fines and Fees	148,999	0	148,999
Contributions and Donations	9,394	45,586	54,980
Earnings on Investments	2,858	120	2,978
Miscellaneous	56,929	1,250	58,179
<i>Total Receipts</i>	<u>5,037,692</u>	<u>121,767</u>	<u>5,159,459</u>
Disbursements			
Current:			
General Library Services	4,582,405	160,257	4,742,662
Capital Outlay	57,840	0	57,840
<i>Total Disbursements</i>	<u>4,640,245</u>	<u>160,257</u>	<u>4,800,502</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>397,447</u>	<u>(38,490)</u>	<u>358,957</u>
Other Financing Sources (Uses)			
Transfers In	0	55,133	55,133
Transfers Out	(55,133)	0	(55,133)
Advances In	20,000	4,000	24,000
Advances Out	(4,000)	(20,000)	(24,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(39,133)</u>	<u>39,133</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	358,314	643	358,957
<i>Fund Balances Beginning of Year</i>	<u>1,095,338</u>	<u>83,369</u>	<u>1,178,707</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,453,652</u></u>	<u><u>\$84,012</u></u>	<u><u>\$1,537,664</u></u>

See accompanying notes to the basic financial statements

Shaker Heights 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, 2011

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property Taxes	\$2,969,229	\$2,913,919	\$2,913,919	\$0
Intergovernmental	1,911,422	1,905,593	1,905,593	0
Patron Fines and Fees	150,889	148,999	148,999	0
Contributions and Donations	9,513	9,394	9,394	0
Earnings on Investments	2,894	2,858	2,858	0
Miscellaneous	57,652	56,929	56,929	0
<i>Total Receipts</i>	<u>5,101,599</u>	<u>5,037,692</u>	<u>5,037,692</u>	<u>0</u>
Disbursements				
Current:				
General Library Services	4,936,927	5,008,788	4,773,634	235,154
Capital Outlay	4,290	59,038	58,267	771
<i>Total Disbursements</i>	<u>4,941,217</u>	<u>5,067,826</u>	<u>4,831,901</u>	<u>235,925</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>160,382</u>	<u>(30,134)</u>	<u>205,791</u>	<u>235,925</u>
Other Financing Sources (Uses)				
Transfers Out	(162,324)	(55,133)	(55,133)	0
Advances In	20,000	20,000	20,000	0
Advances Out	(20,000)	(4,000)	(4,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(162,324)</u>	<u>(39,133)</u>	<u>(39,133)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,942)	(69,267)	166,658	235,925
<i>Fund Balance Beginning of Year</i>	1,039,812	1,039,812	1,039,812	0
Prior Year Encumbrances Appropriated	55,526	55,526	55,526	0
<i>Fund Balance End of Year</i>	<u>\$1,093,396</u>	<u>\$1,026,071</u>	<u>\$1,261,996</u>	<u>\$235,925</u>

See accompanying notes to the basic financial statements

Shaker Heights Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 – Description of the Library and Reporting Entity

The Shaker Heights Public Library, Cuyahoga County, (the “Library”) was organized as a school district public library in 1937 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Shaker Heights City School District’s 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, 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 3375.41 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 Shaker Heights City School District (“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 Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the School District.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB”), “The Financial Reporting Entity,” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”, the Library is considered to be a related organization of the Shaker Heights 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 approves the budget, the issuance of debt of the levying of taxes. The Library does not have any component units.

The Friends of the Shaker Heights 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.

Shaker Heights Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2, the financial statements of the 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”). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board 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.

Basis of Presentation

The Library’s basic financial statements consist of government-wide statements, including a statement of net assets, 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. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. However, the Library has only governmental activities; therefore no business-type activities are presented.

The statements of net assets present the cash balances of the governmental activities of the Library at year-end. The statement 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. 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. 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. Non-major 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.

Shaker Heights Public Library

Cuyahoga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2011

Governmental Funds Governmental funds are financed primarily from taxes, intergovernmental receipts, and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following is the Library's major governmental fund.

General Fund - The general fund accounts for and reports all financial resources except those required to be 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.

The other governmental funds of the Library account for receipts 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.

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The budgetary process is prescribed by provisions of the Ohio Administrative Code and entails the preparation of budgetary documents within an established timetable. The Ohio Administrative Code section 117-8 does not require public libraries to budget receipts. However, sound budget practice suggests a government cannot appropriate responsibly unless they have an estimate of resources to support the appropriations. The Board must annually approve appropriations measures and subsequent amendments. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established by the Board of Trustees at the object level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees.

Shaker Heights Public Library
Cuyahoga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts in the original and final amended certificate in effect at the time original and final appropriations were passed. Prior to December 31, the Board requested and received an amended certificate in which estimated receipts reflects actual receipts for the year.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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 Board of Trustees during the year.

Cash and Cash Equivalents

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

Investments of the Library's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Library are presented on the financial statements as cash equivalents.

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

During 2011, 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 of Ohio 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 net asset value per share, which is the price the investment could be sold for on December 31, 2011.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2011 amounted to \$2,858, which includes \$43 assigned from other Library funds.

Inventory and Prepaids

The Library reports disbursements for inventory 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.

Shaker Heights Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 10 and 11, the employer contributions include portions for pension benefits.

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 Assets

Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes represents money from grants.

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.

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 Library, however, only uses the following four:

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.

Shaker Heights Public Library
Cuyahoga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees removes or changes 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.

Library Trustees assigned fund balance to cover a gap between estimated revenue and appropriations in the 2012 appropriated budget.

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.

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

Note 3 – Changes in Accounting Principles

For fiscal year 2011, the Library has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 59, “Financial Instruments Omnibus”.

Shaker Heights Public Library

Cuyahoga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2011

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a change in total fund balance but only the classification of fund balance on the Library's financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the Library's financial statements.

Note 4 – 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. At year end, \$9,115 of the fund balance was restricted for library programs due to constraints imposed by grants, \$74,897 was committed for various library programs due to constraints imposed by the Library and donors, \$639,765 was assigned due to encumbrances and 2012 appropriations in the general fund and the remaining \$813,887 was unassigned for a total fund balance of \$1,537,664.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding for the general fund at December 31, 2011 (budgetary basis), amounted to \$191,656.

Note 6 – Deposits and Investments

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

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

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

Shaker Heights Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2011

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

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library's deposits may not be returned to it. Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Library funds shall be required to pledge security for repayment of all public moneys. The Library has no investment policy dealing with deposit custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Fiscal Officer or an agent designated by the Fiscal Officer.

Shaker Heights Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

At year-end, the bank balance of the Library's deposits was \$846,512. Of the uninsured bank balance of \$596,512, all was collateralized with securities held by the pledging institution's trust department, not in the Library's name.

Investments

As of December 31, 2011, the Library only had an investment of \$802,786 in STAR Ohio, the State Treasurer's Investment Pool. This investment has an average maturity of 57.0 days.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Library has no investment policy that addresses credit risk.

Interest Rate Risk The Library has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the expectation that it will be held to maturity.

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2011, was \$4.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$857,299,180
Public Utility Property	11,271,270
Total Assessed Values	<u>\$868,570,450</u>

Shaker Heights Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

Note 8 - Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio 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 percent (41.5 percent effective November 1, 2011, 40 percent through October 31, 2011 and 17.5 percent through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10 percent of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 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 retained earnings at December 31: 2011 and 2010 (the latest information available).

	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	\$7,172,519	\$7,191,485

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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.

Shaker Heights Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 9 – Interfund Transfers and Balances

Interfund Transfers

During 2011, the general fund transferred money to the CEO grant special revenue fund, connect Ohio ECO special revenue fund, and building capital projects fund in the amount of \$12,653, \$7,194, and \$35,286, respectively. The transfers were made to move unrestricted balances to support projects accounted for in another fund.

Interfund Balances

During 2011, the general fund advanced money to the MYCOM grant special revenue fund due to the timing of the receipt of grant monies by the nonmajor fund. This is expected to be repaid within one year.

Note 10 - Defined Benefit Pension Plan

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The Library's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

Shaker Heights Public Library
Cuyahoga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$261,547, \$227,751, and \$227,875, respectively. The full amount has been contributed for 2011, 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$13,295 made by the Library and \$9,497 made by plan members.

Note 11 - Postemployment Benefits

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

Shaker Heights Public Library

Cuyahoga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2011

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

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$123,712, \$129,823, and \$164,793, respectively. The full amount has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 12 – Subsequent Event

Effective April 15, 2013, Dolores Aiken became the Library's Fiscal Officer.



Julian & Grube, Inc.
Serving Ohio Local Governments

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

Shaker Heights Public Library
Cuyahoga County
16500 Van Aken Boulevard
Shaker Heights, Ohio 44120

To the Board of Trustees:

We have audited the financial statements of the governmental activities, its major fund and the aggregate remaining fund information of the Shaker Heights Public Library, Cuyahoga County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Shaker Heights Public Library's basic financial statements and have issued our report thereon dated June 14, 2013, wherein we noted in Note 3, the Shaker Heights Public Library uses a comprehensive accounting basis other than generally accepted accounting principles and the Shaker Heights Public Library adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 Shaker Heights Public 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 Shaker Heights Public Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Shaker Heights Public 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 Shaker Heights Public 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.

Board of Trustees
Shaker Heights Public Library

Compliance and Other Matters

As part of reasonably assuring whether the Shaker Heights Public 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 and the Board of Trustees of Shaker Heights Public Library, and others within the Shaker Heights Public Library. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 14, 2013

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Dave Yost • Auditor of State

SHAKER HEIGHTS PUBLIC LIBRARY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 11, 2013