

**ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY  
Regular Audit  
For the Year Ended December 31, 2008**

***Perry & Associates***  
Certified Public Accountants, A.C.





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Ella M. Everhard Public Library  
132 Broad Street  
Wadsworth, Ohio 44281

We have reviewed the *Independent Accountants' Report* of the Ella M. Everhard Public Library, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2008. 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 Ella M. Everhard Public Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 2, 2010

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**ELLE M. EVERHARD PUBLIC LIBRARY  
MEDINA 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 .....  | 9    |
| Statement of Activities – Cash Basis .....  | 10   |
| Fund Financial Statements:  |      |
| Statement of Cash Basis Assets and Fund Balances -<br>Governmental Funds.....   | 11   |
| Statement of Cash Receipts, Disbursements, and Changes in<br>Cash Basis Fund Balances - Governmental Funds .....  | 12   |
| Statement of Receipts, Disbursements, and Changes in Fund Balance -<br>Budget and Actual - Budget Basis - General Fund .....  | 13   |
| Notes to the Basic Financial Statements.....  | 14   |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 23   |

***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

May 7, 2010

Board of Trustees  
Ella M. Everhard Public Library  
132 Broad Street  
Wadsworth, Ohio 44281

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 **Ella M. Everhard Public Library** (the Library), Medina County, as of and for the year ended December 31, 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 Ella M. Everhard Public Library, Medina County, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the year 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 May 7, 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

This discussion and analysis of the Ella M. Everhard Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2008, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$254,342, or 11.2 percent, a significant change from the prior year. The funds affected by the decrease in cash and cash equivalents are the General Fund and Capital Projects Fund, which falls within Other Governmental Funds, due to decreasing revenue and the second installment payment on our new library automation system purchased in 2007, respectively. The Library Improvement Bond Fund cash and cash equivalents also continued to decrease; meeting the terms of the Library Improvement Bond until all funds are fully expended.

The Library's general receipts are primarily State funding through the PLF (Public Library Fund) and property taxes. These receipts represent respectively 46.1 and 39.9 percent of the total cash received for governmental activities during the year. The PLF decreased 3.1 percent while property tax and other remaining revenues increased slightly compared to 2007.

Circulation decreased 25.1 percent in 2008 with 856,791 items loaned. This decrease resulted from our migration to a new library automation system in late 2007 and the subsequent change in our inter-library loan resource sharing from Clevnet to Search Ohio.

In August of 2008, the Library entered into a partnership agreement with the Medina County Board of Mental Retardation and Developmental Disabilities in their creation of The John Hanuscak Resource Library. The Library's responsibilities within this agreement are to use our resources to purchase, catalog and process materials, include the materials on our online catalog, invoice MCBMRDD for the full cost of the items ordered, as all items will belong to MCBMRDD, and allow clients of the MCBMRDD to register for library cards and borrow items from the Resource Library. The MCBMRDD made no materials selections and expended no funds payable to the Library in 2008.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

#### **Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of



accounting is a basis of accounting other than Generally Accepted Accounting Principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related 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 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 activity. Program receipts include patron fines and fees, and donations 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 reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as the property taxes and Public Library Fund.

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 the property taxes and the Public Library Fund (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 is restricted as to how it may be used and to ensure it is spent for the intended purpose. The funds of the Library are reported in one category: Governmental.

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

### **Reporting the Library's Most Significant Funds (Continued)**

The Library's only 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. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 on a cash basis of accounting.

(Table 1)  
**Net Assets**

|  | <b>Governmental Activities<br/>2008</b> | <b>Governmental Activities<br/>2007</b> |
|--|---|---|
| <b>Assets</b>                              |   |   |
| Equity in Pooled Cash and Cash Equivalents | \$2,020,086                             | \$2,274,428                             |
| Total Assets                               | <u>\$2,020,086</u>                      | <u>\$2,274,428</u>                      |
| <b>Net Assets</b>                          |   |   |
| Restricted for:                            |   |   |
| Capital Projects                           | \$722,421                               | \$707,522                               |
| Unrestricted                               | \$1,297,665                             | \$1,566,906                             |
| Total Net Assets                           | <u>\$2,020,086</u>                      | <u>\$2,274,428</u>                      |

As mentioned previously, net assets of governmental activities decreased \$254,342, or 11.2 percent during 2009. The primary reason contributing to the decreases in cash balances was decreasing funding.

Table 2 reflects the changes in net assets from 2007 to 2008.

(Table 2)  
Changes in Net Assets

|  | <b>Governmental<br/>Activities 2008</b> | <b>Governmental<br/>Activities 2007</b> |
|--|---|---|
| <b>Receipts</b>                            |   |   |
| Program Receipts:                          |   |   |
| Charges for Services and Sales             | \$ 53,898                               | \$ 57,648                               |
| Operating Grants and Contributions         | 14,561                                  | 7,315                                   |
| Total Program Receipts                     | <u>68,459</u>                           | <u>64,963</u>                           |
| General Receipts:                          |   |   |
| Property Taxes Levied for General Purposes | 917,821                                 | 945,064                                 |
| Other Local Taxes (Public Library Fund)    | 1,060,010                               | 1,094,311                               |
| Other Taxes                                |   |   |
| Payments in Lieu of Taxes                  |   |   |
| Special Assessments                        |   |   |
| Intergovernmental                          | 141,256                                 | 122,594                                 |
| Unrestricted Gifts and Contributions       | 857                                     | 642                                     |
| Interest                                   | 106,934                                 | 127,580                                 |
| Miscellaneous                              | 3,943                                   | 3,801                                   |
| Total General Receipts                     | <u>2,230,821</u>                        | <u>2,293,992</u>                        |
| Total Receipts                             | <u>2,299,280</u>                        | <u>2,358,954</u>                        |
| <b>Disbursements</b>                       |   |   |
| Library Services:                          |   |   |
| Public Service and Programming             | 831,708                                 | 812,937                                 |
| Collection Development and Processing      | 534,720                                 | 467,661                                 |
| Support Services:                          |   |   |
| Facilities Operation and Maintenance       | 207,664                                 | 196,428                                 |
| Information Services                       | 190,359                                 | 233,731                                 |
| Business Administration                    | 659,010                                 | 608,358                                 |
| Capital Outlay                             | 130,161                                 | 196,804                                 |
| Total Disbursements                        | <u>2,553,622</u>                        | <u>2,515,919</u>                        |
| (Decrease) in Net Assets                   | (254,342)                               | (156,965)                               |
| Net Assets, January 1                      | 2,274,428                               | 2,431,393                               |
| Net Assets, December 31                    | <u>\$ 2,020,086</u>                     | <u>\$ 2,274,428</u>                     |

Program receipts represent only 3.0 percent of total receipts and are primarily comprised of patron fines and fees, and restricted contributions and donations.

General receipts represent 97.0 percent of the Library's total receipts, and of this amount 41.1 percent are property taxes levied for general purposes. Other local taxes (PLF) make up another 47.5 percent of the Library's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

### Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are Public Service and Programs, Collection Development

and Processing, Facilities Operation and Maintenance, Information Services, and Business Administration, which account for 32.6 percent, 20.9 percent, 8.1 percent, 7.5 percent, 25.8 percent, and 5.1 percent of all library disbursements, respectively. The next two columns of the statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net (Disbursement) Receipts 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 for 2007 and 2008 is presented in Table 3.

(Table 3)

**Governmental Activities**

|                                       | <b>Total Cost<br/>of Services<br/>2008</b> | <b>Net Cost<br/>of Services<br/>2008</b> | <b>Total Cost<br/>of Services<br/>2007</b> | <b>Net Cost<br/>of Services<br/>2007</b> |
|---------------------------------------|--|--|--|--|
| Library Services:                     |  |  |  |  |
| Public Service and Programs           | \$831,708                                  | \$763,894                                | \$812,937                                  | \$747,974                                |
| Collection Development and Processing | 534,720                                    | 534,075                                  | 467,661                                    | 467,661                                  |
| Support Services:                     |  |  |  |  |
| Facilities Operation and Maintenance  | 207,664                                    | 207,664                                  | 196,428                                    | 196,428                                  |
| Information Services                  | 190,359                                    | 190,359                                  | 233,730                                    | 233,730                                  |
| Business Administration               | 659,010                                    | 659,010                                  | 608,358                                    | 608,358                                  |
| Capital Outlay                        | 130,161                                    | 130,161                                  | 196,804                                    | 196,804                                  |
| Total Expenses                        | <u>\$2,553,622</u>                         | <u>\$2,485,163</u>                       | <u>\$2,515,919</u>                         | <u>\$2,450,956</u>                       |

**The Library’s Funds**

Total governmental funds had receipts of \$2,299,280 and disbursements of \$2,553,622. The greatest change within governmental funds occurred within the General Fund, and the primary reason for the decrease in the cash balance is due to decreased revenue and increased expenses.

**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.

Final budgeted receipts were below original budgeted receipts; however, the difference between final budgeted receipts and actual receipts was not significant.

During fiscal year 2008, the Library amended its General Fund appropriations several times to reflect changing circumstances; none significant. Final disbursements were budgeted at \$2,834,578 while actual disbursements were \$2,562,064. Even with actual expenditures below projected levels, the Library still experienced a net decrease of \$298,861 to the General Fund.

**Debt Administration**

As of December 31, 2008, the Library carried no outstanding debt on its financial statements. Being a School District Library, all debt obligations are reflected on the financial statements of the Wadsworth City School District.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited and shrinking funding. As stated earlier, we rely heavily on property taxes

and PLF funding. The State LLGSF funding had been frozen at 2004 levels through the end of 2007. The Ohio General Assembly formed a legislative Task Force to review and reconsider the funding sources for the LLGSF and the other two local government funds recipients. The Task Force, comprised of five members of the House, five members of the Senate, and one non-voting member from each of the five associations that represent the three local government funds, studied potential sources of state funding for the local government funds; allowing for growth and stability in funding levels. Recommendations for sources of funding, along with suggested legislation to implement the recommendations, were submitted to the Governor and the General Assembly in 2006. Due to these recommendations, the 2007-2009 biennium budget brought several changes to the LLGSF; with the most sweeping of these changes being public library funding is no longer based on 5.7 percent of the personal income tax, but on 2.2 percent of the total general revenue tax and the re-naming of Library and Local Government Support Fund (LLGSF) to the Public Library Fund (PLF). This funding change meant that our cash flow was affected beginning in 2008, along with declining State revenue due to the failing economy.

Also, the 2005-2007 Budget Bill eliminated the Tangible Personal Property Tax; with a four-year phase-out period beginning July 2005. The State provided funds to hold harmless local governments and public libraries from the impact of this change on local levies through 2018. The millage will be held 100 percent harmless until 2010 and then continue on a reduced formula through 2018.

### **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 Debi Woodruff, Business Manager & Fiscal Officer, Ella M. Everhard Public Library, 132 Broad Street., Wadsworth, Ohio 44281.

**Ella M. Everhard Public Library, Medina County**  
Statement of Net Assets - Cash Basis  
December 31, 2008

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|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>Assets</b>                              |                                    |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,020,086                       |
| <i>Total Assets</i>                        | <u>2,020,086</u>                   |
| <b>Net Assets</b>                          |                                    |
| Restricted for:                            |                                    |
| Capital Projects                           | 722,421                            |
| Unrestricted                               | <u>1,297,665</u>                   |
| <i>Total Net Assets</i>                    | <u>\$ 2,020,086</u>                |

See accompanying notes to the basic financial statements

**Ella M. Everhard Public Library, Medina County**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2008

|                                       | <b>Program Cash Receipts</b> |                                 |                                     | Net (Disbursements) Receipts<br>and Changes in Net Assets |
|---------------------------------------|------------------------------|---------------------------------|-------------------------------------|---|
|                                       | Cash<br>Disbursements        | Charges for Services &<br>Sales | Operating Grants &<br>Contributions | Governmental Activities                                   |
| <b>Governmental Activities</b>        |                              |                                 |                                     |   |
| Library Services:                     |                              |                                 |                                     |   |
| Public Service and Programs           | \$ 831,708                   | \$ 53,898                       | \$ 13,916                           | \$ (763,894)  |
| Collection Development and Processing | 534,720                      | -                               | 645                                 | (534,075)   |
| Support Services:                     |                              |                                 |                                     |   |
| Facilities Operation and Maintenance  | 207,664                      | -                               | -                                   | (207,664)   |
| Information Services                  | 190,359                      | -                               | -                                   | (190,359)   |
| Business Administration               | 659,010                      | -                               | -                                   | (659,010)   |
| Capital Outlay                        | 130,161                      | -                               | -                                   | (130,161)   |
| <b>Total Governmental Activities</b>  | <b>\$ 2,553,622</b>          | <b>\$ 53,898</b>                | <b>\$ 14,561</b>                    | <b>(2,485,163)</b>  |
|                                       |                              | <b>General Receipts</b>         |                                     |   |
|                                       |                              |                                 |                                     | 917,821   |
|                                       |                              |                                 |                                     | 1,060,010   |
|                                       |                              |                                 |                                     | 141,256   |
|                                       |                              |                                 |                                     | 857   |
|                                       |                              |                                 |                                     | 106,934   |
|                                       |                              |                                 |                                     | 3,943   |
|                                       |                              |                                 |                                     | <u>2,230,821</u>  |
|                                       |                              |                                 |                                     | Change in Net Assets (254,342)                            |
|                                       |                              |                                 |                                     | <u>Net Assets Beginning of Year 2,274,428</u>             |
|                                       |                              |                                 |                                     | <u><u>Net Assets End of Year \$ 2,020,086</u></u>         |

See accompanying notes to the basic financial statements

**Ella M. Everhard Public Library, Medina County**  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2008

|  | General Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |              |                                |                                |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,297,665 | \$ 722,421                     | \$ 2,020,086                   |
| <b>Total Assets</b>                        | 1,297,665    | 722,421                        | 2,020,086                      |
| <b>Fund Balances</b>                       |              |                                |                                |
| Reserved:                                  |              |                                |                                |
| Reserved for Encumbrances                  | 120,886      | 38,634                         | 159,520                        |
| Unreserved:                                |              |                                |                                |
| Undesignated (Deficit), Reported in:       |              |                                |                                |
| General Fund                               | 1,176,779    | -                              | 1,176,779                      |
| Capital Projects Funds                     | -            | 683,787                        | 683,787                        |
| <b>Total Fund Balances</b>                 | \$ 1,297,665 | \$ 722,421                     | \$ 2,020,086                   |

See accompanying notes to the basic financial statements



**Ella M. Everhard Public Library, Medina County**  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

|  | General             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                                      |                     |                                |                                |
| Property Taxes                                       | \$ 917,821          | \$ -                           | \$ 917,821                     |
| Other Local Taxes                                    | 1,060,010           | -                              | 1,060,010                      |
| Intergovernmental                                    | 141,256             | -                              | 141,256                        |
| Patron Fines and Fees                                | 53,898              | -                              | 53,898                         |
| Contributions, Gifts and Donations                   | 15,418              | -                              | 15,418                         |
| Earnings on Investments                              | 70,857              | 36,077                         | 106,934                        |
| Miscellaneous  | 3,943               | -                              | 3,943                          |
| <i>Total Receipts</i>                                | <u>2,263,203</u>    | <u>36,077</u>                  | <u>2,299,280</u>               |
| <b>Disbursements</b>                                 |                     |                                |                                |
| Current:   |                     |                                |                                |
| Library Services:                                    |                     |                                |                                |
| Public Service and Programs                          | 831,708             | -                              | 831,708                        |
| Collection Development and Processing                | 533,854             | 866                            | 534,720                        |
| Support Services:                                    |                     |                                |                                |
| Facilities Operation and Maintenance                 | 207,664             | -                              | 207,664                        |
| Information Services                                 | 190,359             | -                              | 190,359                        |
| Business Administration                              | 655,506             | 3,504                          | 659,010                        |
| Capital Outlay                                       | 22,087              | 108,075                        | 130,161                        |
| <i>Total Disbursements</i>                           | <u>2,441,178</u>    | <u>112,444</u>                 | <u>2,553,622</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(177,975)</u>    | <u>(76,367)</u>                | <u>(254,342)</u>               |
| <b>Other Financing Sources (Uses)</b>                |                     |                                |                                |
| Transfers In   | 94,622              | 94,622                         | 189,244                        |
| Transfers Out  | (94,622)            | (94,622)                       | (189,244)                      |
| <i>Total Other Financing Sources (Uses)</i>          | <u>-</u>            | <u>-</u>                       | <u>-</u>                       |
| <i>Net Change in Fund Balances</i>                   | (177,975)           | (76,367)                       | (254,342)                      |
| <i>Fund Balances Beginning of Year</i>               | <u>1,475,640</u>    | <u>798,788</u>                 | <u>2,274,428</u>               |
| <i>Fund Balances End of Year</i>                     | <u>\$ 1,297,665</u> | <u>\$ 722,421</u>              | <u>\$ 2,020,086</u>            |

See accompanying notes to the basic financial statements

**Ella M. Everhard Public Library, Medina County**  
Statement of Receipts, Disbursements and Changes in Fund Balances -  
Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2008

|  | <i>Budgeted Amounts</i> |                   | <i>Actual</i>       | <i>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</i> |
|--|-------------------------|-------------------|---------------------|---|
|  | <i>Original</i>         | <i>Final</i>      |                     |   |
| <b><u>Receipts</u></b>                               |                         |                   |                     |   |
| Property Taxes                                       | 1,026,113               | 1,026,113         | 917,821             | (108,292)   |
| Other Local Taxes                                    | \$ 1,085,788            | \$ 1,085,788      | \$ 1,060,010        | (25,778)  |
| Intergovernmental                                    | 123,134                 | 123,134           | 141,256             | 18,122  |
| Patron Fines and Fees                                | 50,700                  | 50,700            | 53,898              | 3,198   |
| Contributions, Gifts and Donations                   | 1,000                   | 1,000             | 15,418              | 14,418  |
| Earnings on Investments                              | 31,700                  | 31,700            | 70,857              | 39,157  |
| Miscellaneous  | 1,600                   | 1,600             | 3,943               | 2,343   |
| <i>Total Receipts</i>                                | <u>1,293,922</u>        | <u>2,320,035</u>  | <u>2,263,203</u>    | <u>(56,832)</u>   |
| <b><u>Disbursements</u></b>                          |                         |                   |                     |   |
| <i>Current:</i>                                      |                         |                   |                     |   |
| <i>Library Services:</i>                             |                         |                   |                     |   |
| Public Service and Programs                          | 901,636                 | 904,025           | 842,288             | 61,737  |
| Collection Development and Processing                | 615,451                 | 622,642           | 583,873             | 38,769  |
| <i>Support Services:</i>                             |                         |                   |                     |   |
| Facilities Operation and Maintenance                 | 298,025                 | 282,989           | 243,286             | 39,703  |
| Information Services                                 | 221,537                 | 218,638           | 196,894             | 21,744  |
| Business Administration                              | 744,274                 | 752,629           | 669,659             | 82,970  |
| Capital Outlay                                       | 53,655                  | 53,655            | 26,064              | 27,591  |
| <i>Total Disbursements</i>                           | <u>2,834,578</u>        | <u>2,834,578</u>  | <u>2,562,064</u>    | <u>272,514</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (1,540,656)             | (514,543)         | (298,861)           | 215,682   |
| <b><u>Other Financing Sources (Uses)</u></b>         |                         |                   |                     |   |
| Transfers In   | -                       | 94,622            | 94,622              | -   |
| Transfers Out  | -                       | (94,622)          | (94,622)            | -   |
| <i>Total Other Financing Resources (Uses)</i>        | -                       | -                 | -                   | -   |
| <i>Fund Balance Beginning of Year</i>                | 1,321,841               | 1,321,841         | 1,321,841           | -   |
| <i>Prior Year Encumbrances Appropriated</i>          | 153,799                 | 153,799           | 153,799             | -   |
| <i>Fund Balance End of Year</i>                      | <u>\$ (65,016)</u>      | <u>\$ 961,097</u> | <u>\$ 1,176,779</u> | <u>\$ 215,682</u>   |

See accompanying notes to the basic financial statements

**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

The Ella M. Everhard Public Library was organized as a school district public library in 1925 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Wadsworth City School District 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 Business Manager/Fiscal Officer.

The Library is fiscally independent of the Wadsworth City School District 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 Wadsworth 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 or the levying of taxes. The Library has no component units.

The Friends of the Wadsworth Public Library and the Wadsworth Public Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budgets or the issuance of debt of the organizations. According to GASB Statement No. 39 criteria, the economic resources received or held by organizations are not significant to the Library. Therefore, these organizations have 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 Ella M. Everhard Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally Accepted Accounting Principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

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

**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

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. The Statement of Net Assets presents the financial condition of the governmental activities of the Library at December 31, 2008. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Program Cash Receipts include monies provided by the recipient of the services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental programs are self-financing or draw from the general revenues of the Library.

Fund Financial Statements

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.

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. The Library's funds are reported in one category: Governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), 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 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.

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

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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.

**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

**D. Budgetary Process**

All funds, (except agency funds), are legally required to be appropriated. The Appropriations Resolution is the Board of Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Business Manager. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The Appropriations Resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**E. Cash and Cash Equivalents**

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 (contra revenue), respectively.

During 2008, investments were limited to STAR Ohio and non-negotiable certificates of deposit.

The Library's savings accounts are recorded at amounts reported by Huntington National Bank.

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, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2008 amounted to \$70,857. Per resolution by the Board of Trustees, interest credited to the other Library funds are posted to the fund from which it was received. However in August 2008, due to the near depletion of the Library Improvement Bond Fund, the Board moved to receipt the interest of said fund into the General Fund per Board Resolution #8-08-69.

**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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

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 does not have any restricted assets at 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. Interfund Receivables/Payables

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

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 post-retirement health care benefits.

L. Long-Term Obligations

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

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. Net assets totaling \$722,421 in Capital Projects are restricted. 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.

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 and Capital Projects.

**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$120,886 for the General Fund. There were no outstanding advances at year end.

**Note 4 - Deposits and Investments**

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

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

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

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

**Ella M. Everhard Public Library**  
 Medina County  
 Notes to the Basic Financial Statements  
 For the Year Ended December 31, 2008

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

8. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for invest at one time.

The Library may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is not default of principal, interest, or coupons; and,
3. Obligations of the Library.

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 Business Manager 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, the Library had \$400 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008, \$750,000 of the Library's bank balance of \$1,558,735 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

|                   | Fair Value | Maturity |
|-------------------|------------|----------|
| STAR Ohio         | \$466,341  | average  |
| Total Investments | \$466,341  |          |

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



**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 5 - Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Ohio School District. Property tax receipts received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventories.

Real property taxes are payable annually or semi-annually. If paid annually, the 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. Tangible personal property taxes paid 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 30; with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2008, was \$1.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

|                               |                      |
|-------------------------------|----------------------|
| Real Property Valuation       |                      |
| Residential/Agriculture       | \$539,439,620        |
| Commercial/Industrial/Mineral | \$107,542,140        |
| Public Utility Property       | \$26,250             |
| Tangible Personal Property    |                      |
| General                       | \$14,328,890         |
| Public Utilities              | \$17,218,960         |
| Total Valuation               | <u>\$678,555,860</u> |

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes for the Library.

**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 2008, the Library contracted with two companies for various types of insurance coverage as follows:

**Ella M. Everhard Public Library**  
 Medina County  
 Notes to the Basic Financial Statements  
 For the Year Ended December 31, 2008

**Note 6 - Risk Management** (continued)

| <u>Company</u>      | <u>Type of Coverage</u>  | <u>Coverage</u> |
|---------------------|--------------------------|-----------------|
| Westfield Companies | Commercial Property      | \$7,732,843     |
|                     | General Liability        | \$1,000,000     |
|                     | Business Auto            | \$1,000,000     |
|                     | Commercial Inland Marine | \$6,038,865     |
|                     | Commercial Crime         | \$82,000        |
|                     | Commercial Umbrella      | \$4,000,000     |
| The Chubb Group     | Library Officials E & O  | \$1,000,000     |

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**

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 that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2008 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations for all plans for the years ended December 31, 2008, 2007 and 2006 were \$192,530, \$170,939 and \$160,172 respectively; the full amount has been contributed for 2008, 2007 and 2006.

**Note 8 - Post-Employment Benefits**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare.

**Ella M. Everhard Public Library**  
Medina County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 8 – Post-Employment Benefits** (continued)

The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll for 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library’s contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$85,470, \$68,021, and \$52,640 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 9 – Debt**

The Wadsworth City School District serves as the taxing authority in a ministerial function, and can issue tax related debt on behalf of the Library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Library Board of Trustees.

In 2000 the Library Board approved for the Wadsworth City School District to place on the ballot, Library Improvement Bonds in the amount of \$5,600,000 for the enlarging, renovating, remodeling, rehabilitating, furnishing, and equipping the current Library. As of December 31, 2008, the principal outstanding was \$3,899,993.75.

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

May 7, 2010

Board of Trustees  
Ella M. Everhard Public Library  
132 Broad Street  
Wadsworth, Ohio 44281

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 **Ella M. Everhard Public Library** (the Library), Medina County, as of and for the year ended December 31, 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents and have issued our report dated May 7, 2010. 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 expressing our opinions on the financial statements, but not to opine 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 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 basic 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 the audit committee, management and Board of Trustees. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.





**Mary Taylor, CPA**  
Auditor of State

ELLA M. EVERHARD PUBLIC LIBRARY

MEDINA COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 15, 2010