

**ELLA M. EVERHARD PUBLIC LIBRARY  
MEDINA COUNTY  
Regular Audit  
For the Year Ended December 31, 2011**

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





# Dave Yost • 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, 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 Ella M. Everhard 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 26, 2012

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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 .....  | 10   |
| Statement of Activities – Cash Basis .....  | 11   |
| Fund Financial Statements:  |      |
| Statement of Cash Basis Assets and Fund Balances -<br>Governmental Funds.....   | 12   |
| Statement of Cash Receipts, Disbursements and Changes in<br>Cash Basis Fund Balances - Governmental Funds .....   | 13   |
| Statement of Receipts, Disbursements and Changes in Fund Balance -<br>Budget and Actual - Budget Basis - General Fund .....   | 14   |
| Notes to the Basic Financial Statements.....  | 15   |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 27   |

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**INDEPENDENT ACCOUNTANTS' REPORT**

April 27, 2012

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**, Medina County, Ohio (the "Library") as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ella M. Everhard Public Library, Medina County, Ohio, as of December 31, 2011, 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.

As described in Note 2, during 2011 the Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2012, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Library's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net 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.

Respectfully Submitted,



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

**Ella M. Everhard Public Library**  
Medina County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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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, 2011, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$161,774, or 8.5 percent, a significant change from the prior year. The fund affected by the increase in cash and cash equivalents is the General Fund, due to expending less than appropriated and prudent business practices. The Library is committed to long term sustainability.

The Library's general receipts are primarily property taxes and State funding through the Public Library Fund (hereafter referred to as the PLF). These receipts represent respectively 44.7 and 41.8 percent of the total cash received for governmental activities during the year. The property taxes increased 0.3 percent and PLF increased 6.7 percent, while other revenue receipts increased 20 percent compared to 2010.

Circulation decreased 7.0 percent in 2011 with 687,534 items loaned. We believe the decrease in circulation is still reflective of our reduced hours of operations and the elimination of our bookmobile services; which was implemented the fall of 2009. In addition, teachers are no longer emphasizing print resources for student assignments, and users of public computers are increasingly less likely to borrow our print resources since they find the information they are seeking online.

The Library was awarded a Connect Ohio "Every Community Online" grant as a sub-recipient of Federal ARRA funds in 2010. Instructor led training classes began in January; focusing in the use and maintenance of computer components, internet use, and practical applications of broadband access. Thirty-nine classes were held throughout the year and 86 participants successfully completed the 6-hour training course. The class training and ECO grant funding will continue through 2012.

Also, in May 2011, the Library was awarded an LSTA Minigrant to create a circulating technology collection of consumer electronics and computing devices consisting of Kindles and Nooks, portable DVD players, pocket language translators, digital cameras, digital voice recorders, digital picture frames, GPS units, MP3 players, LCD projectors, document projectors, iPod Touches and iPads. This grant enabled the Library to provide hands-on training opportunities to members of our community who were not familiar with, nor have access to, these forms of technology. In addition to a Technology Open House event to kick-off the program to the public, a total of 12 instructional classes took place during the fall of 2011: four training sessions for the Library staff; five training sessions held on-site for Library customers; and four training sessions held at the Wadsworth Salvation Army training site for their clientele. There were 160 members of the community that attended the public classes. This new technology collection will begin circulating to the public in January 2012.



**Ella M. Everhard Public Library**  
Medina County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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**Highlights** *(Continued)*

The Library was honored to receive the "Library Innovation Award" from the Ohio Library Council in late October. This award was for our innovation in creating a circulating laptop collection; which allows Library customers to check out a laptop for home use in our current economic environment of reduced revenue, this collection would not have become a reality if it were not for the Westfield Group & Westfield Foundation and their generous donation of 50 laptops to the Library. This service has made a profound difference for customers who cannot afford a computer of their own.

Due to the Library's new Outreach Services model and the elimination of bookmobile services, the Board of Trustees declared the 2005 Moroney Bookmobile as surplus inventory and it was sold by bid to the Akron-Summit County Public Library in October. The Board anticipates selling the 1998 Moroney Bookmobile in the first half of 2012.

The Board of Trustees entered into a new 5-year PLF funding agreement with the Medina County District Library Board of Trustees. Our Library will take a .33% reduction each year beginning 2013 until we reach an 80/20 percentage split in 2016.

Lastly, the Board of Trustees adopted a resolution declaring it necessary to levy an additional continuous 1.25 mill current expense tax levy before the electors of the Wadsworth City School District at the Primary election to be held on March 6, 2012.

**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.

**Ella M. Everhard Public Library**  
Medina County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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**Reporting the Library as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2011, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Library at year end. The Statement of Activities compare 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 property taxes and the 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. 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. The Library's major governmental funds are the General Fund and the Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Ella M. Everhard Public Library**  
 Medina County  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2011  
 Unaudited

**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 of accounting.

(Table 1)  
**Net Assets**

|  | <b>Governmental Activities<br/>2011</b> | <b>Governmental Activities<br/>2010</b> |
|--|---|---|
| <b>Assets</b>                              |   |   |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,076,049                            | \$ 1,914,275                            |
| Total Assets                               | 2,076,049                               | 1,914,275                               |
| <b>Net Assets</b>                          |   |   |
| Restricted for:                            |   |   |
| Special Revenue                            | 5,829                                   | 8,964                                   |
| Capital Projects                           | 644,275                                 | 611,276                                 |
| Unrestricted                               | 1,425,945                               | 1,294,035                               |
| Total Net Assets                           | \$ 2,076,049                            | \$ 1,914,275                            |

As mentioned previously, net assets of governmental activities increased \$161,774 or 8.5 percent during 2011. The primary reason contributing to the increases in cash balances was due to expending less than appropriated and prudent business practices.

**Ella M. Everhard Public Library**  
 Medina County  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2011  
 Unaudited

**The Library as a Whole** (Continued)

Table 2 reflects the changes in net assets from 2010 to 2011.

(Table 2)  
**Changes in Net Assets**

|  | <b>Governmental<br/>Activities 2011</b> | <b>Governmental<br/>Activities 2010</b> |
|--|---|---|
| <b>Receipts</b>                            |   |   |
| Program Receipts:                          |   |   |
| Charges for Services and Sales             | \$ 63,467                               | \$ 67,099                               |
| Operating Grants and Contributions         | 10,239                                  | 2,905                                   |
| Capital Grants and Contributions           | 23,005                                  | -                                       |
| Total Program Receipts                     | <u>96,711</u>                           | <u>70,004</u>                           |
| General Receipts:                          |   |   |
| Property Taxes Levied for General Purposes | 935,152                                 | 931,960                                 |
| Other Taxes (Public Library Fund)          | 873,612                                 | 818,576                                 |
| Intergovernmental                          | 134,964                                 | 143,693                                 |
| Unrestricted Gifts and Contributions       | 331                                     | 1,332                                   |
| Interest                                   | 10,165                                  | 13,659                                  |
| Sale of Surplus Property                   | 33,000                                  | -                                       |
| Miscellaneous                              | 6,834                                   | 5,184                                   |
| Total General Receipts                     | <u>1,994,058</u>                        | <u>1,914,404</u>                        |
| Total Receipts                             | <u>2,090,769</u>                        | <u>1,984,408</u>                        |
| <b>Disbursements</b>                       |   |   |
| Library Services:                          |   |   |
| Public Service and Programs                | 502,423                                 | 508,720                                 |
| Collection Development and Processing      | 459,729                                 | 391,678                                 |
| Support Services:                          |   |   |
| Facilities Operation and Maintenance       | 197,327                                 | 211,703                                 |
| Information Services                       | 150,220                                 | 201,237                                 |
| Business Administration                    | 554,482                                 | 554,429                                 |
| Capital Outlay                             | 64,814                                  | 11,452                                  |
| Total Disbursements                        | <u>1,928,995</u>                        | <u>1,879,219</u>                        |
| Increase (Decrease) in Net Assets          | 161,774                                 | 105,189                                 |
| Net Assets, January 1                      | 1,914,275                               | 1,809,086                               |
| Net Assets, December 31                    | <u>\$ 2,076,049</u>                     | <u>\$ 1,914,275</u>                     |

Program receipts represent only 4.6 percent of total receipts and are primarily comprised of patron fines and fees, and restricted grants, contributions and donations.

General receipts represent 95.4 percent of the Library's total receipts, and of this amount 46.9 percent are property taxes levied for general purposes. Other taxes (PLF) make up another 43.8 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.

**Ella M. Everhard Public Library**  
 Medina County  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2011  
 Unaudited

**The Library as a Whole** (Continued)

**Governmental Activities**

If you look at the Statement of Activities on page 11, 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, Business Administration and Capital Outlay, which account for 26.0 percent, 23.8 percent, 10.2 percent, 7.8 percent, 28.8 percent, and 3.4 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 2010 and 2011 is presented in Table 3.

(Table 3)

**Governmental Activities**

|                                       | <b>Total Cost<br/>of Services<br/>2011</b> | <b>Net Cost<br/>of Services<br/>2011</b> | <b>Total Cost<br/>of Services<br/>2010</b> | <b>Net Cost<br/>of Services<br/>2010</b> |
|---------------------------------------|--|--|--|--|
| Library Services:                     |  |  |  |  |
| Public Service and Programs           | \$502,423                                  | \$405,877                                | \$508,720                                  | \$440,871                                |
| Collection Development and Processing | 459,729                                    | 459,564                                  | 391,678                                    | 391,188                                  |
| Support Services:                     |  |  |  |  |
| Facilities Operation and Maintenance  | 197,327                                    | 197,327                                  | 211,703                                    | 211,703                                  |
| Information Services                  | 150,220                                    | 150,220                                  | 201,237                                    | 201,237                                  |
| Business Administration               | 554,482                                    | 554,482                                  | 554,429                                    | 554,284                                  |
| Capital Outlay                        | 64,814                                     | 64,814                                   | 11,452                                     | 9,932                                    |
| Total Expenses                        | <u>\$1,928,995</u>                         | <u>\$1,832,284</u>                       | <u>\$1,879,219</u>                         | <u>\$1,809,215</u>                       |

**The Library's Funds**

Total governmental funds had receipts of \$2,090,769 and disbursements of \$1,928,995. The greatest change within governmental funds occurred within the General Fund, and the primary reason for the increase in the cash balance is due to expending less than appropriated due to reduced revenue and prudent business practices. Also, the sale of the 2005 Moroney bookmobile increased the Capital Projects Fund by 5.4%.

**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 General Fund receipts remained the same as original budgeted receipts and the difference between final budgeted receipts to actual receipts was a net decrease of \$151,594.

**Ella M. Everhard Public Library**  
Medina County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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**General Fund Budgeting Highlights** *(Continued)*

During fiscal year 2011, the Library amended its General Fund appropriations several times to reflect changing circumstances; none significant. Final disbursements were budgeted at \$2,188,859 while actual disbursements were \$1,945,919. Since actual expenditures were below projected levels, the Library experienced a net increase of \$81,716 to the General Fund.

**Debt Administration**

As of December 31, 2011, 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 continuing challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited and continually shrinking funding. As stated earlier, we rely heavily on property taxes and PLF funding. The 2011-2013 biennium State budget introduced new temporary law language that lowered the PLF from 2.2 percent of the gross general tax revenue to 1.97 percent; which resulted in a 6.7 percent increase in PLF revenue in 2011.

Also, the 2005-2007 biennium budget bill eliminated the Tangible Personal Property Tax. 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 was to be held 100 percent harmless until 2010 and then continue on a reduced formula through 2018. The local government associations, including the Ohio Library Council, have worked during the past few years to get the reimbursement extended beyond 2010. In the 2009-2011 biennium budget (HB1), the reimbursement was extended through 2011. However, due to the Commercial Activity Tax (CAT) not generating enough revenue to cover the cost of the current hold harmless distributions, the State transferred \$223 million from the General Revenue Fund (GRF) in FY 2010 to make up the difference to the TPPT reimbursement fund. Governor Kasich's FY 2012-2013 budget called for accelerating the scheduled phase-out of the TPPT and Public Utility Deregulation replacement payments. The new phase-out timeline and reliance methodology for determining total available resources resulted in our Library receiving no TPPT or Public Utility Deregulation reimbursement payments after June 30, 2011.

**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  
As of December 31, 2011

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>                              |                            |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,076,049               |
| <i>Total Assets</i>                        | 2,076,049                  |
| <b>Net Assets</b>                          |                            |
| Restricted for:                            |                            |
| Capital Projects                           | 644,275                    |
| Special Revenue                            |                            |
| Connect Ohio ECO Grant                     | 5,829                      |
| Unrestricted                               | 1,425,945                  |
| <i>Total Net Assets</i>                    | \$ 2,076,049               |

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, 2011

|                                       | <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 | Capital Grants &<br>Contributions                         | Governmental Activities |
| <b>Governmental Activities</b>        |                              |                                 |                                     |   |                         |
| Library Services:                     |                              |                                 |                                     |   |                         |
| Public Service and Programs           | \$ 502,423                   | \$ 63,467                       | \$ 10,074                           | \$ 23,005   | \$ (405,877)            |
| Collection Development and Processing | 459,729                      | -                               | 165                                 | -   | (459,564)               |
| Support Services:                     |                              |                                 |                                     |   |                         |
| Facilities Operation and Maintenance  | 197,327                      | -                               | -                                   | -   | (197,327)               |
| Information Services                  | 150,220                      | -                               | -                                   | -   | (150,220)               |
| Business Administration               | 554,482                      | -                               | -                                   | -   | (554,482)               |
| Capital Outlay                        | 64,814                       | -                               | -                                   | -   | (64,814)                |
| <i>Total Governmental Activities</i>  | <u>\$ 1,928,995</u>          | <u>\$ 63,467</u>                | <u>\$ 10,239</u>                    | <u>\$ 23,005</u>  | <u>(1,832,284)</u>      |

**General Receipts**

|  |         |
|--|---------|
| Property Taxes Levied for General Purposes | 935,152 |
| Other Taxes (Public Library Fund)          | 873,612 |
| Intergovernmental                          | 134,964 |
| Unrestricted Gifts and Contributions       | 331     |
| Interest                                   | 10,165  |
| Sale of Surplus Property                   | 33,000  |
| Miscellaneous                              | 6,834   |

*Total General Receipts* 1,994,058

Change in Net Assets 161,774

*Net Assets Beginning of Year* 1,914,275

*Net Assets End of Year* \$ 2,076,049



**Ella M. Everhard Public Library, Medina County**  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
As of December 31, 2011

|  | General Fund        | Capital Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |                     |                          |                                |                                |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,425,945        | \$ 644,275               | \$ 5,829                       | \$ 2,076,049                   |
| <b>Total Assets</b>                        | <u>1,425,945</u>    | <u>644,275</u>           | <u>5,829</u>                   | <u>2,076,049</u>               |
| <b>Fund Balances</b>                       |                     |                          |                                |                                |
| Nonspendable                               | -                   | -                        | -                              | -                              |
| Restricted                                 | 18,168              | -                        | 5,829                          | 23,997                         |
| Committed                                  | -                   | 40,000                   | -                              | 40,000                         |
| Assigned                                   | 32,026              | 604,275                  | -                              | 636,301                        |
| Unassigned                                 | 1,375,751           | -                        | -                              | 1,375,751                      |
| <b>Total Fund Balances</b>                 | <u>\$ 1,425,945</u> | <u>\$ 644,275</u>        | <u>\$ 5,829</u>                | <u>\$ 2,076,049</u>            |

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, 2011

|  | General Fund        | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------|--------------------------|--------------------------|
| <b>Receipts</b>                                      |                     |                       |                          |                          |
| Property Taxes                                       | \$ 935,152          | \$ -                  | \$ -                     | \$ 935,152               |
| Other Taxes (Public Library Fund)                    | 873,612             | -                     | -                        | 873,612                  |
| Intergovernmental                                    | 134,964             | -                     | 24,732                   | 159,696                  |
| Patron Fines and Fees                                | 63,467              | -                     | -                        | 63,467                   |
| Contributions, Gifts and Donations                   | 6,596               | -                     | -                        | 6,596                    |
| Earnings on Investments                              | 10,165              | -                     | -                        | 10,165                   |
| Sale of Surplus Property                             | -                   | 33,000                | -                        | 33,000                   |
| Miscellaneous  | 9,081               | -                     | -                        | 9,081                    |
| <i>Total Receipts</i>                                | <u>2,033,037</u>    | <u>33,000</u>         | <u>24,732</u>            | <u>2,090,769</u>         |
| <b>Disbursements</b>                                 |                     |                       |                          |                          |
| Current:   |                     |                       |                          |                          |
| Library Services:                                    |                     |                       |                          |                          |
| Public Service and Programs                          | 499,349             | -                     | 3,074                    | 502,423                  |
| Collection Development and Processing                | 459,729             | -                     | -                        | 459,729                  |
| Support Services:                                    |                     |                       |                          |                          |
| Facilities Operation and Maintenance                 | 197,327             | -                     | -                        | 197,327                  |
| Information Services                                 | 150,220             | -                     | -                        | 150,220                  |
| Business Administration                              | 554,481             | 1                     | -                        | 554,482                  |
| Capital Outlay                                       | 34,619              | -                     | 30,195                   | 64,814                   |
| <i>Total Disbursements</i>                           | <u>1,895,725</u>    | <u>1</u>              | <u>33,269</u>            | <u>1,928,995</u>         |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 137,312             | 32,999                | (8,537)                  | 161,774                  |
| <b>Other Financing Sources (Uses)</b>                |                     |                       |                          |                          |
| Transfers In   | -                   | -                     | 5,402                    | 5,402                    |
| Transfers Out  | (5,402)             | -                     | -                        | (5,402)                  |
| <i>Total Other Financing Sources (Uses)</i>          | <u>(5,402)</u>      | <u>-</u>              | <u>5,402</u>             | <u>-</u>                 |
| <i>Net Change in Fund Balances</i>                   | 131,910             | 32,999                | (3,135)                  | 161,774                  |
| <i>Fund Balances Beginning of Year</i>               | <u>1,294,035</u>    | <u>611,276</u>        | <u>8,964</u>             | <u>1,914,275</u>         |
| <i>Fund Balances End of Year</i>                     | <u>\$ 1,425,945</u> | <u>\$ 644,275</u>     | <u>\$ 5,829</u>          | <u>\$ 2,076,049</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, 2011

|  | <i>Budgeted Amounts</i> |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------------|---------------------|---|
|  | Original                | Final               |                     |   |
| <b><u>Receipts</u></b>                               |                         |                     |                     |   |
| Property Taxes Levied for General Purposes           | \$ 924,693              | \$ 924,693          | \$ 935,152          | \$ 10,459   |
| Other Taxes (Public Library Fund)                    | 1,019,938               | 1,019,938           | 873,612             | (146,326)   |
| Intergovernmental                                    | 140,000                 | 140,000             | 134,964             | (5,036)   |
| Patron Fines and Fees                                | 66,150                  | 66,150              | 63,467              | (2,683)   |
| Contributions, Gifts and Donations                   | 8,750                   | 8,750               | 6,596               | (2,154)   |
| Earnings on Investments                              | 22,970                  | 22,970              | 10,165              | (12,805)  |
| Miscellaneous  | 2,130                   | 2,130               | 9,081               | 6,951   |
| <i>Total Receipts</i>                                | <u>2,184,631</u>        | <u>2,184,631</u>    | <u>2,033,037</u>    | <u>(151,594)</u>  |
| <b><u>Disbursements</u></b>                          |                         |                     |                     |   |
| Current:   |                         |                     |                     |   |
| Library Services:                                    |                         |                     |                     |   |
| Public Service and Programs                          | 567,212                 | 561,353             | 509,906             | 51,447  |
| Collection Development and Processing                | 547,787                 | 529,013             | 485,422             | 43,591  |
| Support Services:                                    |                         |                     |                     |   |
| Facilities Operation and Maintenance                 | 230,248                 | 237,027             | 200,149             | 36,878  |
| Information Services                                 | 166,059                 | 166,043             | 151,354             | 14,689  |
| Business Administration                              | 671,726                 | 647,719             | 564,469             | 83,250  |
| Capital Outlay                                       | 30,704                  | 47,704              | 34,619              | 13,085  |
| <i>Total Disbursements</i>                           | <u>2,213,736</u>        | <u>2,188,859</u>    | <u>1,945,919</u>    | <u>242,940</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(29,105)</u>         | <u>(4,228)</u>      | <u>87,118</u>       | <u>91,346</u>   |
| <b><u>Other Financing Sources (Uses)</u></b>         |                         |                     |                     |   |
| Transfers Out  | -                       | (5,402)             | (5,402)             | -   |
| <i>Total Other Financing Sources (Uses)</i>          | -                       | (5,402)             | (5,402)             | -   |
| Net Change in Fund Balance                           | (29,105)                | (9,630)             | 81,716              | 91,346  |
| <i>Fund Balance Beginning of Year</i>                | 1,256,259               | 1,256,259           | 1,256,259           | -   |
| <i>Prior Year Encumbrances Appropriated</i>          | <u>37,776</u>           | <u>37,776</u>       | <u>37,776</u>       | <u>-</u>  |
| <i>Fund Balance End of Year</i>                      | <u>\$ 1,264,930</u>     | <u>\$ 1,284,405</u> | <u>\$ 1,375,751</u> | <u>\$ 91,346</u>  |

See accompanying notes to the basic financial statements

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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

The 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 seven-member Board of Trustees 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 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 Ohio School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

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 these 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 the Basis of Accounting section of this note, 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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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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 cash and investment balances of the governmental activities of the Library at December 31, 2011. The Statement of Activities compares disbursements with program receipts for the Library's activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

*Fund Financial Statements*

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. 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 divided into 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 and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Capital Projects Fund** – The Capital Projects Fund accounts for and reports resources committed by the Board of Trustees specifically for major capital and technology purchases and improvements.

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

**C. Basis of Accounting**

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

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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

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.

**D. Budgetary Process**

All funds, (except agency funds), are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on 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/Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

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

**E. Cash and Cash Equivalents**

Library records identify the purchase of specific investments by specific funds.

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

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2011, investments were limited to STAR Ohio and non-negotiable certificates of deposit.

The Library's checking accounts and money markets savings accounts are recorded at amounts reported by The Huntington National Bank and PNC Bank, NA on December 31, 2011.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011.

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2011 amounted to \$10,165; which includes \$3,362 assigned from other Library funds.

**F. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Library does not have any restricted assets at December 31, 2011.

**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. Fund Balance**

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

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

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

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

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

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

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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

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.

**J. 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.

**K. 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.

**L. Employer Contributions to Cost-Sharing Pension Plans**

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

**M. 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 are other financing sources or capital outlay expenditures reported at inception. Lease payments are reported when paid.

**N. 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 restricted for other purposes include resources restricted for Capital Projects and Special Revenue; totaling \$644,275 and \$5,829 respectively.

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.

**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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$50,194 for the General Fund. There were no outstanding advances at year end.



**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Note 4 – Deposits and Investments**

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

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

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

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

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

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

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

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

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Note 4 – Deposits and Investments (Continued)**

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” on the financial statements.

***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$799,274 of the Library’s bank balance of \$1,934,754 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, 2011, the Library had the following investments:

|                   | <u>Fair Value</u> | <u>Maturity</u> |
|-------------------|-------------------|-----------------|
| STAR Ohio         | \$ 140,895        | Average         |
| Total Investments | <u>\$ 140,895</u> |                 |

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.

**Note 5 - 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 are levied after October 1, 2011, on the assessed value as of January 1, 2011, 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, 2011, 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 \$1.75 per \$1,000 of assessed value. The assessed values of real property and public utility property, and tangible personal property upon which 2011 property tax receipts were based are as follows:

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**Note 5 – Property Taxes (Continued)**

|                               |    |             |
|-------------------------------|----|-------------|
| Real Property Valuation       |    |             |
| Residential/Agriculture       | \$ | 493,554,190 |
| Commercial/Industrial/Mineral |    | 116,588,470 |
| Public Utility Property       |    | 25,750      |
| Tangible Personal Property    |    |             |
| Public Utilities              |    | 16,098,940  |
| Total Valuation               | \$ | 626,267,350 |

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

**Note 6 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the Library contracted with three companies for various types of insurance coverage as follows:

| Company             | Type of Coverage         | Coverage    |
|---------------------|--------------------------|-------------|
| The Westfield Group | Commercial Property      | \$8,275,708 |
|                     | General Liability        | \$1,000,000 |
|                     | Employer Liability       | \$2,000,000 |
|                     | Business Auto            | \$1,000,000 |
|                     | Commercial Inland Marine | \$7,446,290 |
|                     | Commercial Crime         | \$62,000    |
|                     | Commercial Umbrella      | \$4,000,000 |
| The Chubb Group     | Library Officials E & O  | \$3,000,000 |
|                     | Employment Practices     | \$3,000,000 |

Settled claims have not exceeded this 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**

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.

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Note 7 - Defined Benefit Pension Plan (Continued)**

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

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

The 2011 contribution rate was 10.0 percent of covered payroll for members in state and local classifications. 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 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 during calendar year 2011. Employer contribution rates are actuarially determined.

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 \$128,525, \$137,500, and \$169,500, respectively; 89.2 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

**Note 8 – Post Employment 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 which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. 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 health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Note 8 – Post Employment Benefits** *(Continued)*

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. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

OPERS' Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employers contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$36,720, \$49,671, and \$71,817, respectively; 89.2 percent has been contributed for 2011 and 100 percent has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 9 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

**Note 9 – Fund Balances (Continued)**

| Fund Balances                | General<br>Fund            | Capital Projects<br>Fund | Other<br>Governmental<br>Funds |
|------------------------------|----------------------------|--------------------------|--------------------------------|
| <b>Restricted for:</b>       |                            |                          |                                |
| Employer OPERS Contributions | \$ 10,388                  | \$ -                     | \$ -                           |
| Employee OPERS Contributions | 7,780                      | -                        | -                              |
| Connect Ohio ECO Grant       | -                          | -                        | 5,829                          |
| <i>Total Restricted</i>      | <u>18,168</u>              | <u>-</u>                 | <u>5,829</u>                   |
| <b>Committed to:</b>         |                            |                          |                                |
| Capital Technology Purchase  | -                          | 40,000                   | -                              |
| <i>Total Committed</i>       | <u>-</u>                   | <u>40,000</u>            | <u>-</u>                       |
| <b>Assigned to:</b>          |                            |                          |                                |
| Carry-over Purchase Orders   | 32,026                     | -                        | -                              |
| Capital Projects             | -                          | 604,275                  | -                              |
| <i>Total Assigned</i>        | <u>32,026</u>              | <u>604,275</u>           | <u>-</u>                       |
| <b>Unassigned (Deficit):</b> | <u>1,375,751</u>           | <u>-</u>                 | <u>-</u>                       |
| <b>Total Fund Balances</b>   | <u><u>\$ 1,425,945</u></u> | <u><u>\$ 644,275</u></u> | <u><u>\$ 5,829</u></u>         |

**Note 10 – Interfund Transfers**

Per Board Resolution, \$5,402 was transferred from the General Fund to Special Revenue Fund #208 as criteria of matching funds for an LSTA Minigrant the Library received in May of 2011. This grant was awarded to the Library to create a circulating technology collection of consumer electronics and computing devices.

**Note 11 – 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 enlarging, renovating, remodeling, rehabilitating, furnishing, and equipping the current Library. As of December 31, 2011, the principal outstanding was \$3,104,994.

**Note 12 – Construction and Contractual Commitments**

The Library Board of Trustees entered into contract with Innovative Interfaces, Inc. in September 2011 to purchase III's new library automation version, Sierra, in the amount of \$40,000 over two years; payable in January 2012 and January 2013. This contract includes a server, hardware and software maintenance, and a Collection Agency module.

**Ella M. Everhard Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2011*

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**Note 13 – Joint Ventures**

In 2008, the Wadsworth City Schools teamed with community partners (the City of Wadsworth, Summa Health Systems, and the Wadsworth Public Library) to take an innovative approach to a new High School/Community Center Campus and, on November 4, 2008, the voters of the Wadsworth City Schools District approved a 5.9 mill bond levy for this unique project. A groundbreaking ceremony took place on August 13, 2009 and, at the December 14<sup>th</sup> meeting of the Board of Trustees, the Library entered into a “Use, Management and Lease Agreement” for the Wadsworth Community Center; which incorporates a health center, recreation center, Center for Older Adults, WCTV, and a library kiosk. The Library has a minimal financial obligation to this community project; as it is not responsible for construction costs and the City of Wadsworth has kindly agreed to allow the Library to occupy and use a 425 square foot space within the Community Center free of charge. The Library will be responsible to provide the necessary furnishings and equipment for its designated space upon project completion in 2012 and contribute to the Community Center Enterprise Fund annually at \$.50 per square foot. The Enterprise Fund will be used for the maintenance, repair and replacement of building components that are shared among the Community Center partners.

**Note 14 – Subsequent Events**

Management has evaluated events subsequent to the date of the statement of net assets through April 27, 2012, the date the financial statements were available to be issued. As stated in the Management’s Discussion and Analysis, the Library was on the March 6, 2012 Primary election ballot before the electors of the Wadsworth City School District for an additional continuous 1.25 mill tax levy for current expenses. Passage of this levy failed 54% to 46%. No other events have occurred that would require adjustment or disclosure in the financial statement other than as follows.

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

April 27, 2012

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**, Medina County, Ohio (the "Library") as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents and have issued our report dated April 27, 2012, wherein we noted the Library has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for 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 management, the audit committee, the Board of Trustees and others within the Library. We intend it for no one 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.





# Dave Yost • 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  
JULY 10, 2012**