



Mary Taylor, CPA
Auditor of State

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis for Years Ended December 31, 2008 and 2007	3
Statement of Net Assets – Cash Basis For the Year Ended December 31, 2008	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2008	10
Statement of Cash Assets and Fund Balances For the Year Ended December 31, 2008	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances For the Year Ended December 31, 2008	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2008	13
Statement of Net Assets – Cash Basis For the Year Ended December 31, 2007	14
Statement of Activities – Cash Basis For the Year Ended December 31, 2007	15
Statement of Cash Assets and Fund Balances For the Year Ended December 31, 2007	16
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances For the Year Ended December 31, 2007	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2007	18
Notes to the Financial Statements for Years Ended December 31, 2008 and 2007	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Oakwood, Ohio 45419

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 Wright Memorial Public Library, Montgomery County, (the Library), as of and for the years ended December 31, 2008 and 2007, 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 Wright Memorial Public Library, Montgomery County, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2009, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 18, 2009

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

This discussion and analysis of Wright Memorial Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2008, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2007 and 2008 are as follows:

- The Library's general receipts are primarily from the Public Library Fund (PLF) and property taxes. These receipts represent respectively 81 and 9 percent of the total cash received for library's governmental activities during 2007 and 81 and 14 percent for 2008. 2008 was the first year that public libraries were funded by an allocation of 2.2% of the total tax revenue. (Previous to that library funding was based on 5.7% of revenue that the state took in through personal income tax, and the funding source had been frozen for the previous six years.) Since library funding is now directly linked to total tax revenue, the downturn in the economy has a more immediate effect on revenues. The revenues from the PLF in 2008 were 3% less than 2007.
- In May of 2007, the library passed a five year .94 property replacement tax levy. This is estimated to generate an additional \$64,000 per year for a total of \$290,000 per year, which will be used to offset inflation and maintain current services.
- The Board accepted a "Friends of the Library" group in 2008. They will organize separately and for different purposes than the Library Foundation or Library Advisory Council.

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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

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

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Library activities at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, 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 tax and the Public Library Fund (PLF).

In the statement of net assets and the statement of activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are reported as 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 any non major funds (funds whose activity or balances are not large enough to warrant separate reporting) would be combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Reserve B/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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

The Library as a Whole

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

**(Table 1)
Net Assets**

	Governmental Activities	
	2007	2008
Assets		
Cash and Cash Equivalents	\$1,277,777	\$1,360,419
Total Assets	<u>\$1,277,777</u>	<u>\$1,360,419</u>
Net Assets		
Restricted for:		
Capital Projects	678,366	695,741
Unrestricted	599,411	664,678
Total Net Assets	<u>\$1,277,777</u>	<u>\$1,360,419</u>

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2008.

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

	Governmental Activities	
	2007	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$46,315	\$36,271
Operating Grants and Contributions	3,050	2,050
Capital Grants and Contributions	51,137	1,140
Total Program Receipts	<u>100,502</u>	<u>39,461</u>
General Receipts:		
Property and Other Local Taxes	173,718	253,794
Unrestricted Gifts	1,263	925
Grants and Entitlements not Restricted	1,525,743	1,485,623
Interest	63,146	34,449
Miscellaneous	17,699	10,555
Total General Receipts	<u>1,781,569</u>	<u>1,785,346</u>
Total Receipts	<u>1,882,071</u>	<u>1,824,807</u>
Disbursements:		
Library Services	1,667,958	1,742,165
Capital Outlay	4,045	
Total Disbursements	<u>1,672,003</u>	<u>1,742,165</u>
Excess (Deficiency) Before Transfers	210,068	82,642
Net Assets, January 1, 2007	<u>1,067,709</u>	<u>1,277,777</u>
Net Assets, December 31, 2007	<u>\$1,277,777</u>	<u>\$1,360,419</u>

Program receipts represent only 5.4 percent for 2007 and 2.2 percent for 2008 of total receipts and are primarily comprised of patron fines and fees, and contributions and donations.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

General receipts represent 94.6 percent for 2007 and 97.8 percent for 2008 of the Library's total receipts, and of this amount, state grants and entitlements make up 81 and 81 percent respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Governmental Activities

If you look at the Statement of Activities on page 10 and 15, 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 next three columns entitled Program Receipts identifies amounts paid by people who are directly charged for the services, and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007
Library Services	\$1,667,958	\$1,567,456
Capital Outlay	4,045	4,045
Total Expenses	\$1,672,003	\$1,571,501
	Total Cost of Services 2008	Net Cost of Services 2008
Library Services	\$1,742,165	\$1,702,704
Total Expenses	\$1,742,165	\$1,702,704

The Library's Funds

Total governmental funds in 2007 had receipts of \$1,882,070 and disbursements of \$1,672,003. Total governmental funds in 2008 had receipts of \$1,824,807 and disbursements of \$1,742,165. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased by \$176,757 in 2007 to end the year at \$599,411. The fund balance of the General Fund increased by \$65,267 in 2008 to end the year at \$664,678. In 2007, this was the result of increased revenues from interest income, tax receipts, miscellaneous income and prudent spending. In 2008, this was the result of the replacement property tax levy receipts and prudent spending.

The Reserves B Fund increased by \$33,310 for a total of \$658,366 at the end of 2007. The Reserves B Fund increased by \$17,375 for a total of \$675,741 at the end of 2008. This was the result of interest income for both years that the Board had approved to remain in this fund. This fund consists of revenues derived from Board approved transfers from the General Fund. These monies are unrestricted and have been Board designated for building and property maintenance, technology needs, accumulated unused leave pay-outs and for budget stabilization.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During 2007, the Library amended its General Fund budget. Final budgeted receipts were \$1,761,951 while actual receipts were \$1,848,760, resulting in \$86,809 more revenue than budgeted. Final disbursements were budgeted at \$1,806,074, while actual disbursements were \$1,733,038 resulting in \$73,036 less in expenditures than budgeted. The result was an overall increase to the fund balance of \$159,845.

During 2008, the Library amended its General Fund budget to reflect a decrease in expected PLF monies. Final budgeted receipts were \$1,800,402 while actual receipts were \$1,807,431, resulting in \$7,029 more revenue than budgeted. Final disbursements were budgeted at \$1,800,285, while actual disbursements were \$1,766,203 resulting in \$34,082 less in expenditures than budgeted. The result was an overall increase to the fund balance of \$41,111.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking, funding. When the economy is contracting and people are losing jobs, the library plays an even bigger role in the community. We rely heavily on the Public Library Fund and local property taxes. The uncertain future of both these sources continue to be a major challenge facing the Library.

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 Debra M. Schenk, Fiscal Officer, Wright Memorial Public Library, 1776 Far Hills Ave., Dayton, OH 45419.

This page intentionally left blank.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,360,419
Total Assets	<u>1,360,419</u>
Net Assets	
Restricted for:	
Capital Projects	695,741
Unrestricted	664,678
Total Net Assets	<u>\$1,360,419</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Library Services					
Public Service and Programs	\$1,742,165	\$36,271	\$2,050	\$1,140	(\$1,702,704)
Total Governmental Activities	\$1,742,165	\$36,271	\$2,050	\$1,140	(1,702,704)
General Receipts					
Property Taxes					253,794
Unrestricted Gifts and Contributions					925
Grants and Entitlements not Restricted to Specific Programs					1,485,623
Earnings on Investments					34,449
Miscellaneous					10,555
Total General Receipts					1,785,346
Change in Net Assets					82,642
Net Assets, Beginning of Year					1,277,777
Net Assets, End of Year					\$1,360,419

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF CASH ASSETS AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Reserves B</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$664,678	\$675,741	\$20,000	\$1,360,419
Total Assets	<u>664,678</u>	<u>675,741</u>	<u>20,000</u>	<u>1,360,419</u>
Fund Balances				
Reserved:				
Reserved for Encumbrance	24,038			24,038
Unreserved:				
General Fund	640,640			640,640
Capital Projects Funds		675,741	20,000	695,741
Total Net Assets	<u>\$664,678</u>	<u>\$675,741</u>	<u>\$20,000</u>	<u>\$1,360,419</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Reserves B</u>	<u>Other Governmental Fund</u>	
Cash Receipts:				
Property and Other Local Taxes	\$253,794			\$253,794
Public Library	1,444,634			1,444,634
Intergovernmental	40,989			40,989
Patron Fines and Fees	36,270			36,270
Contributions, Gifts and Donations	4,115			4,115
Earnings on Investments	17,074	\$17,375		34,449
Miscellaneous	10,556			10,556
Total Cash Receipts	<u>1,807,432</u>	<u>17,375</u>		<u>1,824,807</u>
Cash Disbursements:				
Current:				
Library Services	1,742,165			1,742,165
Total Cash Disbursements	<u>1,742,165</u>			<u>1,742,165</u>
Total Receipts Over/(Under) Disbursements	<u>65,267</u>	<u>17,375</u>		<u>82,642</u>
Fund Cash Balances, January 1	<u>599,411</u>	<u>658,366</u>	<u>\$20,000</u>	<u>1,277,777</u>
Fund Cash Balances, December 31	<u>\$664,678</u>	<u>\$675,741</u>	<u>\$20,000</u>	<u>\$1,360,419</u>

The notes to the financial statements are an integral part of this statement.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$265,008	\$265,008	\$253,793	(\$11,215)
Public Library	1,479,755	1,449,493	1,444,634	(4,859)
Intergovernmental	25,000	25,000	40,989	15,989
Patron, Fines and Fees	30,200	30,200	36,270	6,070
Contributions, Gifts and Donations	600	600	4,115	3,515
Earnings on Investments	25,000	25,000	17,074	(7,926)
Miscellaneous	5,101	5,101	10,556	5,455
Total receipts	<u>1,830,664</u>	<u>1,800,402</u>	<u>1,807,431</u>	<u>7,029</u>
Disbursements				
Current:				
Library Services	1,839,081	1,819,621	1,766,203	53,418
Total Disbursements	<u>1,839,081</u>	<u>1,819,621</u>	<u>1,766,203</u>	<u>53,418</u>
Excess of Receipts Over (Under) Disbursements	<u>(8,417)</u>	<u>(19,219)</u>	<u>41,228</u>	<u>60,447</u>
Other Financing (Uses)				
Other Financing Uses	<u>(52,000)</u>	<u>(41,700)</u>	<u></u>	<u>41,700</u>
Total Other Financing Sources (Uses)	<u>(52,000)</u>	<u>(41,700)</u>	<u></u>	<u>41,700</u>
Net Change in Fund Balance	(60,417)	(60,919)	41,228	102,147
Unencumbered Cash Balance Beginning of Year	538,376	538,376	538,376	
Prior Year Encumbrances Appropriated	<u>61,036</u>	<u>61,036</u>	<u>61,036</u>	
Unencumbered Cash Balance End of Year	<u>\$538,995</u>	<u>\$538,493</u>	<u>\$640,640</u>	<u>\$102,147</u>

See accompanying notes to the basic financial statements.

WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,277,777
Total Assets	<u>1,277,777</u>
Net Assets	
Restricted for:	
Capital Projects	678,366
Unrestricted	599,411
Total Net Assets	<u>\$1,277,777</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Library Services					
Public Service and Programs	\$1,667,958	\$46,315	\$3,050	\$51,137	(\$1,567,456)
Capital Outlay	4,045				(4,045)
Total Governmental Activities	<u>\$1,672,003</u>	<u>\$46,315</u>	<u>\$3,050</u>	<u>\$51,137</u>	<u>(1,571,501)</u>
General Receipts					
Property Taxes					173,718
Unrestricted Gifts and Contributions					1,263
Grants and Entitlements not Restricted to Specific Programs					1,525,743
Earnings on Investments					63,146
Miscellaneous					17,699
Total General Receipts					<u>1,781,569</u>
Change in Net Assets					210,068
Net Assets, Beginning of Year					<u>1,067,709</u>
Net Assets, End of Year					<u>\$1,277,777</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF CASH ASSETS AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General Fund</u>	<u>Reserves B</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$599,411	\$658,366	\$20,000	\$1,277,777
Total Assets	<u>599,411</u>	<u>658,366</u>	<u>20,000</u>	<u>1,277,777</u>
Fund Balances				
Reserved:				
Reserved	61,035			61,035
Unreserved:				
General Fund	538,376			538,376
Capital Projects Funds		658,366	20,000	678,366
Total Net Assets	<u>\$599,411</u>	<u>\$658,366</u>	<u>\$20,000</u>	<u>\$1,277,777</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Reserves B</u>	<u>Other Governmental Fund</u>	
Cash Receipts:				
Property and Other Local Taxes	\$173,718			\$173,718
Public Library	1,468,332			1,468,332
Intergovernmental	57,411			57,411
Patron Fines and Fees	46,314			46,314
Contributions, Gifts and Donations	55,450			55,450
Earnings on Investments	29,835	\$33,310		63,145
Miscellaneous	17,700			17,700
Total Cash Receipts	<u>1,848,760</u>	<u>33,310</u>		<u>1,882,070</u>
Cash Disbursements:				
Current:				
Library Services	1,667,958			1,667,958
Capital Outlay	4,045			4,045
Total Cash Disbursements	<u>1,672,003</u>			<u>1,672,003</u>
Total Receipts Over/(Under) Disbursements	<u>176,757</u>	<u>33,310</u>		<u>210,067</u>
Fund Cash Balances, January 1	<u>422,654</u>	<u>625,056</u>	<u>\$20,000</u>	<u>1,067,710</u>
Fund Cash Balances, December 31	<u>\$599,411</u>	<u>\$658,366</u>	<u>\$20,000</u>	<u>\$1,277,777</u>

The notes to the financial statements are an integral part of this statement.

**WRIGHT MEMORIAL PUBLIC LIBRARY, MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$201,918	\$201,918	\$173,718	(\$28,200)
Library and Local Government Support	1,468,717	1,468,717	1,468,332	(385)
Intergovernmental	25,000	25,000	57,411	32,411
Patron, Fines and Fees	40,215	40,215	46,314	6,099
Contributions, Gifts and Donations	1,000	1,000	55,450	54,450
Earnings on Investments	20,000	20,000	29,835	9,835
Miscellaneous	5,101	5,101	17,700	12,599
Total receipts	<u>1,761,951</u>	<u>1,761,951</u>	<u>1,848,760</u>	<u>86,809</u>
Disbursements				
Current:				
Library Services	1,706,842	1,761,029	1,728,993	32,036
Capital Outlay	4,045	4,045	4,045	
Total Disbursements	<u>1,710,887</u>	<u>1,765,074</u>	<u>1,733,038</u>	<u>32,036</u>
Excess of Receipts Over (Under) Disbursements	<u>51,064</u>	<u>(3,123)</u>	<u>115,722</u>	<u>118,845</u>
Other Financing (Uses)				
Other Financing Uses	<u>(41,000)</u>	<u>(41,000)</u>		<u>41,000</u>
Total Other Financing Sources (Uses)	<u>(41,000)</u>	<u>(41,000)</u>		<u>41,000</u>
Net Change in Fund Balance	10,064	(44,123)	115,722	159,845
Unencumbered Cash Balance Beginning of Year	361,509	361,509	361,509	
Prior Year Encumbrances Appropriated	<u>61,145</u>	<u>61,145</u>	<u>61,145</u>	
Unencumbered Cash Balance End of Year	<u><u>\$432,718</u></u>	<u><u>\$378,531</u></u>	<u><u>\$538,376</u></u>	<u><u>\$159,845</u></u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Wright Memorial Public Library was organized as a school district public library in 1917 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Oakwood City School District. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Oakwood City School District.

The Wright Memorial Public Library Foundation is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The current library director and a library Board member appointed by the President of the Library Board serve in a non-voting, ex-officio capacity. The Foundation doesn't meet the test of significant resources as defined by GASB Statement No. 39. Therefore, this organization has been excluded from the reporting entity of the Library.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, the financial statements of the Wright Memorial 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

1. 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 primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

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

2. Fund Financial Statements

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

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.

1. Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reserves B -Capital Projects Fund - The Reserves B Fund consists of revenues derived from Board approved transfers from the General Fund. These monies are unrestricted and have been set aside for building and property maintenance, technology updates, accumulated unused leave and budget stabilization.

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.

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 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 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

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 2007 and 2008, investments were limited to a J.P. Morgan/Chase Repurchase agreement (Sweep account), and STAR Ohio. Except for STAR Ohio these investments are recorded at cost.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2007 or 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2007 and 2008 amounted to \$29,835 and \$17,074. The interest credited to the Reserves B Fund was \$33,310 in 2007 and \$17,375 in 2008 via Board resolution.

F. 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.

G. 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.

H. 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.

I. 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.

J. Fund Balance Reserves

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

3. BUDGETARY BASIS OF ACCOUNTING

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

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.

The Library's investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code and includes the following:

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

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

At year end, the Library had \$200 in undeposited cash on hand which is included as part of "Cash" on the financial statements.

A. Deposits

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.

At year end 2007, the carrying amount of the Library's deposit was \$239,345 and the bank balance was \$261,692. At year end 2008, the carrying amount of the Library's deposit was \$92,002 and the bank balance was \$124,012.

As of December 31, 2007, the Library had the following investments:

	Carrying Value	Maturity
STAR Ohio	\$1,038,232	Average
Total Investments	\$1,038,232	

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

	Carrying Value	Maturity
STAR Ohio	\$1,268,217	Average
Total Investments	\$1,268,217	

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The repurchase agreements are of UST notes or government securities and carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Ohio School District. Real property tax receipts received in 2007 and 2008 represent the collection of 2006 and 2007 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Those real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2008 represent the collection of 2006 and 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2008 (other than public utility property) represent the collection of 2007 and 2008 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2007 and December 31, 2008, was \$.94 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2008 property tax receipts were based are as follows:

	2008	2007
Real Property		
Residential / Agriculture	\$297,011,000	\$296,362,870
Commercial / Industrial	14,987,610	15,453,390
Tangible Personal Property		
Public Utility Personal	1,424,600	2,894,430
Business Tangible	1,250,726	1,001,575
Total	\$314,673,936	\$315,712,265

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 2007, the Library contracted with several companies for various types of insurance coverage as follows:

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Indiana Insurance Co.	Commercial Property	\$8,755,000
	General Liability	\$1,000,000
	Commercial Crime	
	Inland Marine	
	Vehicle	
Arlington Roe & Co.	Errors and Omissions	\$2,000,000
Ohio Casualty Insurance Co.	Library Officials	\$ 20,000
	Fidelity and Deposit	

In 2008, the library's coverage was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Casualty Ins. Co.	Commercial Property	\$9,100,000
	General Liability	\$1,000,000
	Commercial Crime	
	Inland Marine	
	Vehicle	
Arlington Roe & Co.	Errors and Omissions	\$2,000,000
Ohio Casualty Insurance Co.	Library Officials	\$ 20,000
	Fidelity and Deposit	

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

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

7. DEFINED BENEFIT PENSION PLAN

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended December 31, 2007 and 2008, the members of all three plans were required to contribute 9.5 and 10.0 percent respectively of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 and 2008 was 13.85 and 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$129,405, \$121,926, and \$115,264 respectively; the full amount has been contributed for 2008, 2007, and 2006.

8. POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.0 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007. The 2008 local government employer contribution rate was 14.0 percent of covered payroll; 7.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent for 2006 and 2007, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 and 4.00 percent annually for the next seven years and 4.00 percent annually beyond that.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007 and 363,503 as if December 31, 2008. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$52,818. The actual employer contributions for 2008 which were used to fund postemployment benefits were \$64,703. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

9. RELATED ORGANIZATIONS

Wright Memorial Public Library Foundation is a not-for-profit organization. It operates exclusively for the purpose of advancing the goals, objectives, and priorities of the Wright Memorial Public Library as established by the Board of Trustees of the Library, and to receive, hold, invest, and administer property, and make expenditures to or for the exclusive benefit of the Library, selected from priorities established by the Library Board.

The Foundation Board consists of at least five and up to nine members-at-large.



Mary Taylor, CPA

Auditor of State

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

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Oakwood, Ohio 45419

To the Library Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wright Memorial Public Library, Montgomery County, (the Library) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 18, 2009. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Library's management in a separate letter dated September 18, 2009.

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 18, 2009



Mary Taylor, CPA
Auditor of State

WRIGHT MEMORIAL PUBLIC LIBRARY

MONTGOMERY 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
OCTOBER 15, 2009**