



Dave Yost • Auditor of State

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Dayton, 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, 2010 and 2009, 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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, 2010 and 2009, and the respective changes in cash financial position and the 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 9, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Dave Yost
Auditor of State

September 9, 2011

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
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, 2009 and 2010, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2010 and 2009 are as follows:

- In 2010, the Public Library Fund (PLF) was in the second year of its biennium reduction from 2.22 percent to 1.97 percent of the state's general revenue fund. Using reserves, the library went ahead with a much needed replacement of its automated catalog system.
- Mid-year cuts in 2009 for the state Public Library Fund, (PLF), caused all of Ohio's public libraries to have a difficult year. In July of 2009, the PLF was reduced from 2.22 percent to 1.97 percent of the state's General Revenue Fund. Wright Library received \$256,257 less in state revenue in 2009 than in the previous year. Wright Library's total revenue for 2009 was 15 percent lower than in 2008. The Library closed one week in August of 2009 for an unpaid staff furlough to cut costs and stay within the reduced budget. Fewer materials were purchased, an HVAC unit replacement project was delayed, and a remodeling project was postponed. Five staff members retired at the end of 2009 and their positions were eliminated. Due to the reduction in the state PLF, the Board decided to put a new property tax levy on the ballot asking the Oakwood citizens for additional support. In November of 2009, Oakwood voters approved a new five-year 0.5 mill levy which will bring in an additional \$158,000 beginning in 2010. This moved support from local property taxes from 16 percent to 27 percent. Our PLF support moved from 80 percent to 70 percent.

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, 2010 AND 2009
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 2010 and 2009, within the limitations of the cash basis of 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 Reserves B 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, 2010 AND 2009
UNAUDITED
(Continued)**

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2010 and 2009 on a cash basis.

**(Table 1)
Net Assets**

	Governmental Activities	
	2010	2009
Assets:		
Cash and Cash Equivalents	\$1,398,882	\$1,378,619
Total Assets	<u>1,398,882</u>	<u>1,378,619</u>
Net Assets:		
Restricted for:		
Capital Projects	608,943	697,663
Unrestricted	789,939	680,956
Total Net Assets	<u>\$1,398,882</u>	<u>\$1,378,619</u>

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009.

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

	Governmental Activities	
	2010	2009
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$33,100	\$35,194
Operating Grants and Contributions	2,500	1,150
Capital Grants and Contributions	216	50
Total Program Receipts	<u>35,816</u>	<u>36,394</u>
General Receipts:		
Property and Other Local Taxes	391,456	254,041
Unrestricted Gifts	1,234	5,150
Grants and Entitlements not Restricted	1,177,847	1,229,366
Interest	3,369	7,286
Miscellaneous	13,065	12,279
Total General Receipts	<u>1,586,971</u>	<u>1,508,122</u>
Total Receipts	<u>1,622,787</u>	<u>1,544,516</u>
Disbursements:		
Library Services	1,513,063	1,526,316
Capital Outlay	89,461	
Total Disbursements	<u>1,602,524</u>	<u>1,526,316</u>
Excess (Deficiency)	20,263	18,200
Net Assets, January 1,	1,378,619	1,360,419
Net Assets, December 31,	<u>\$1,398,882</u>	<u>\$1,378,619</u>

Program receipts represent only 2.2 percent for 2010 and 2.4 percent for 2009 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, 2010 AND 2009
UNAUDITED
(Continued)**

General receipts represent 97.8 percent for 2010 and 97.6 percent for 2009 of the Library's total receipts, and of this amount, state grants and entitlements make up 72.5 and 79.6 percent respectively. Local property taxes make up 24.0 and 16.4 percent respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for public service and programs and capital outlay 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 2010	Net Cost of Services 2010
Library Services	\$1,513,063	\$1,477,247
Capital Outlay	89,461	89,461
Total Expenses	<u>\$1,602,524</u>	<u>\$1,566,708</u>
	Total Cost of Services 2009	Net Cost of Services 2009
Library Services	\$1,526,316	\$1,489,992
Total Expenses	<u>\$1,526,316</u>	<u>\$1,489,992</u>

The Library's Funds

Total governmental funds in 2010 had receipts of \$1,622,787 and disbursements of \$1,602,524. Total governmental funds in 2009 had receipts of \$1,544,516 and disbursements of \$1,526,316. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased by \$108,983 in 2010 to end the year at \$789,939. The fund balance of the General Fund increased by \$16,278 in 2009 to end the year at \$680,956. In 2010, this was the result of the additional 0.5 mill property tax levy receipts and prudent spending. In 2009, this was the result of increased revenues from miscellaneous income and prudent spending.

The Reserves B Fund decreased by \$88,720 for a total of \$588,943 at the end of 2010. The Reserves B Fund increased by \$1,922 for a total of \$677,663 at the end of 2009. The decrease in 2010 was the result of spending for a new automated catalogue project. The increase was the result of interest income for 2009 that the Board had approved to remain in this fund. These monies are restricted and have been Board designated for building, property maintenance, and technology needs.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
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 2010, the Library did not amend its General Fund budgeted receipts. Final budgeted receipts were \$1,574,999 while actual receipts were \$1,622,046, resulting in \$47,047 more revenue than budgeted. Final disbursements were budgeted at \$1,646,609, while actual disbursements were \$1,542,869 resulting in \$103,740 less in expenditures than budgeted. The result was an overall increase to the fund balance of \$79,177. There was reserve for encumbrances in the amount of \$29,806.

During 2009, the Library amended its General Fund budget to reflect a decrease in expected PLF monies. Final budgeted receipts were \$1,518,845 while actual receipts were \$1,542,594, resulting in \$23,749 more revenue than budgeted. Final disbursements were budgeted at \$1,635,358, while actual disbursements were \$1,589,933 resulting in \$45,425 less expenditures than budgeted. The result was an overall decrease to the fund balance of \$47,339. There was reserve for encumbrances in the amount of \$63,617.

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.

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**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,398,882
Total Assets	<u>1,398,882</u>
Net Assets:	
Restricted for:	
Capital Projects	608,943
Unrestricted	789,939
Total Net Assets	<u>\$1,398,882</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	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	\$1,513,063	\$33,100	\$2,500	\$216	(\$1,477,247)
Capital Outlay	89,461				(89,461)
Total Governmental Activities	\$1,602,524	\$33,100	\$2,500	\$216	(1,566,708)
General Receipts:					
Property Taxes					391,456
Unrestricted Gifts and Contributions					1,234
Grants and Entitlements not Restricted to Specific Programs					1,177,847
Earnings on Investments					3,369
Miscellaneous					13,065
Total General Receipts					1,586,971
Change in Net Assets					20,263
Net Assets, Beginning of Year					1,378,619
Net Assets, End of Year					\$1,398,882

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF CASH ASSETS AND FUND BALANCES
DECEMBER 31, 2010**

	<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	\$789,939	\$588,943	\$20,000	\$1,398,882
Total Assets	<u>789,939</u>	<u>588,943</u>	<u>20,000</u>	<u>1,398,882</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	29,806			29,806
Unreserved:				
General Fund	760,133			760,133
Capital Projects Funds		588,943	20,000	608,943
Total Net Assets	<u>\$789,939</u>	<u>\$588,943</u>	<u>\$20,000</u>	<u>\$1,398,882</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, 2010**

	<u>Governmental 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	\$391,456			\$391,456
Public Library	1,115,595			1,115,595
Intergovernmental	62,252			62,252
Patron Fines and Fees	33,099			33,099
Contributions, Gifts and Donations	3,950			3,950
Earnings on Investments	2,628	\$741		3,369
Miscellaneous	13,066			13,066
Total Cash Receipts	<u>1,622,046</u>	<u>741</u>		<u>1,622,787</u>
Cash Disbursements:				
Current:				
Library Services	1,513,063			1,513,063
Capital Outlay		89,461		89,461
Total Cash Disbursements	<u>1,513,063</u>	<u>89,461</u>		<u>1,602,524</u>
Total Receipts Over/(Under) Disbursements	<u>108,983</u>	<u>(88,720)</u>		<u>20,263</u>
Fund Cash Balances, January 1	<u>680,956</u>	<u>677,663</u>	<u>\$20,000</u>	<u>1,378,619</u>
Fund Cash Balances, December 31	<u><u>\$789,939</u></u>	<u><u>\$588,943</u></u>	<u><u>\$20,000</u></u>	<u><u>\$1,398,882</u></u>

See accompanying notes to the basic financial statements

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$396,389	\$396,389	\$391,456	(\$4,933)
Public Library	1,105,909	1,105,909	1,115,595	9,686
Intergovernmental	35,000	35,000	62,252	27,252
Patron, Fines and Fees	30,200	28,200	33,099	4,899
Contributions, Gifts and Donations	500	500	3,950	3,450
Earnings on Investments	2,000	2,000	2,628	628
Miscellaneous	5,001	7,001	13,066	6,065
Total receipts	<u>1,574,999</u>	<u>1,574,999</u>	<u>1,622,046</u>	<u>47,047</u>
Disbursements:				
Current:				
Library Services	<u>1,627,081</u>	<u>1,630,309</u>	<u>1,542,869</u>	<u>87,440</u>
Total Disbursements	<u>1,627,081</u>	<u>1,630,309</u>	<u>1,542,869</u>	<u>87,440</u>
Excess of Receipts Over/(Under) Disbursements	(52,082)	(55,310)	79,177	134,487
Other Financing (Uses):				
Other Financing Uses	<u>(16,300)</u>	<u>(16,300)</u>	<u> </u>	<u>16,300</u>
Net Change in Fund Balance	(68,382)	(71,610)	79,177	150,787
Unencumbered Cash Balance Beginning of Year	617,339	617,339	617,339	
Prior Year Encumbrances Appropriated	<u>63,617</u>	<u>63,617</u>	<u>63,617</u>	
Unencumbered Cash Balance End of Year	<u>\$612,574</u>	<u>\$609,346</u>	<u>\$760,133</u>	<u>\$150,787</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,378,619
Total Assets	<u>1,378,619</u>
Net Assets:	
Restricted for:	
Capital Projects	697,663
Unrestricted	680,956
Total Net Assets	<u>\$1,378,619</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Cash Receipts			Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities:					
Library Services:					
Public Service and Programs	\$1,526,316	\$35,194	\$1,150	\$50	(\$1,489,922)
Total Governmental Activities	<u>\$1,526,316</u>	<u>\$35,194</u>	<u>\$1,150</u>	<u>\$50</u>	<u>(1,489,922)</u>
General Receipts:					
Property Taxes					254,041
Unrestricted Gifts and Contributions					5,150
Grants and Entitlements not Restricted to Specific Programs					1,229,366
Earnings on Investments					7,286
Miscellaneous					12,279
Total General Receipts					<u>1,508,122</u>
Change in Net Assets					18,200
Net Assets, Beginning of Year					<u>1,360,419</u>
Net Assets, End of Year					<u><u>\$1,378,619</u></u>

See accompanying notes to the basic financial statements

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF CASH ASSETS AND FUND BALANCES
DECEMBER 31, 2009**

	<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	\$680,956	\$677,663	\$20,000	\$1,378,619
Total Assets	<u>680,956</u>	<u>677,663</u>	<u>20,000</u>	<u>1,378,619</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	63,617			63,617
Unreserved:				
General Fund	617,339			617,339
Capital Projects Funds		677,663	20,000	697,663
Total Net Assets	<u>\$680,956</u>	<u>\$677,663</u>	<u>\$20,000</u>	<u>\$1,378,619</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, 2009**

	<u>Governmental 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	\$254,041			\$254,041
Public Library	1,187,463			1,187,463
Intergovernmental	41,903			41,903
Patron Fines and Fees	35,193			35,193
Contributions, Gifts and Donations	6,350			6,350
Earnings on Investments	5,364	\$1,922		7,286
Miscellaneous	12,280			12,280
Total Cash Receipts	<u>1,542,594</u>	<u>1,922</u>		<u>1,544,516</u>
Cash Disbursements:				
Current:				
Library Services	1,526,316			1,526,316
Total Cash Disbursements	<u>1,526,316</u>			<u>1,526,316</u>
Total Receipts Over Disbursements	<u>16,278</u>	<u>1,922</u>		<u>18,200</u>
Fund Cash Balances, January 1	<u>664,678</u>	<u>675,741</u>	<u>\$20,000</u>	<u>1,360,419</u>
Fund Cash Balances, December 31	<u>\$680,956</u>	<u>\$677,663</u>	<u>\$20,000</u>	<u>\$1,378,619</u>

See accompanying notes to the basic financial statements.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$265,008	\$265,008	\$254,041	(\$10,967)
Library and Local Government Support	1,333,534	1,185,537	1,187,463	1,926
Intergovernmental	25,000	25,000	41,903	16,903
Patron, Fines and Fees	30,200	30,200	35,193	4,993
Contributions, Gifts and Donations	600	2,600	6,350	3,750
Earnings on Investments	11,267	5,400	5,364	(36)
Miscellaneous	5,100	5,100	12,280	7,180
Total receipts	<u>1,670,709</u>	<u>1,518,845</u>	<u>1,542,594</u>	<u>23,749</u>
Disbursements:				
Current:				
Library Services	1,765,337	1,635,358	1,589,933	45,425
Total Disbursements	<u>1,765,337</u>	<u>1,635,358</u>	<u>1,589,933</u>	<u>45,425</u>
Excess of Receipts Over/(Under) Disbursements	(94,628)	(116,513)	(47,339)	69,174
Other Financing (Uses):				
Other Financing (Uses)	<u>(50,000)</u>			
Net Change in Fund Balance	(144,628)	(116,513)	(47,339)	69,174
Unencumbered Cash Balance Beginning of Year	640,640	640,640	640,640	
Prior Year Encumbrances Appropriated	<u>24,038</u>	<u>24,038</u>	<u>24,038</u>	
Unencumbered Cash Balance End of Year	<u><u>\$520,050</u></u>	<u><u>\$548,165</u></u>	<u><u>\$617,339</u></u>	<u><u>\$69,174</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, 2010 AND 2009**

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.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The 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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

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.

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. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange 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. 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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

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

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, property maintenance and technology updates.

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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2010 and 2009, investments were limited to STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State 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, 2010 or 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General fund during 2010 and 2009 amounted to \$2,628 and \$5,364. The interest credited to the Reserves B Fund was \$741 in 2010 and \$1,922 in 2009 via Board resolution.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts restricted for capital projects.

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. 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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.

K. 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).

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;

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

At year end, the Library had \$200 in un-deposited 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 2009, the carrying amount of the Library's deposits was \$206,453 and the bank balance was \$228,851. At year end 2010, the carrying amount of the Library's deposit was \$313,228 and the bank balance was \$331,827.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

	<u>Carrying Value</u>
STAR Ohio	<u>\$1,171,966</u>
Total Investments	<u>\$1,171,966</u>

As of December 31, 2010, the Library had the following investments:

	<u>Carrying Value</u>
STAR Ohio	<u>\$1,085,454</u>
Total Investments	<u>\$1,085,454</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 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.

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 2010 and 2009 represent the collection of 2009 and 2008 taxes, respectively. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Those real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008. 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 2010 and 2009 represent the collection of 2009 and 2008 taxes, respectively. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009. 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 2009 and 2010 (other than public utility property) represent the collection of 2009 and 2010 taxes, respectively. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory. This will be reduced to zero for 2009. 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.

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

5. PROPERTY TAXES (Continued)

The full tax rate for all Library operations for the year ended December 31, 2010 and December 31, 2010 and 2009, was \$1.44 and \$.94 per \$1,000 of assessed value, respectively. For the year ended December 31, 2010 the tax rate was increased by the passage of an additional 0.5 mill tax levy passed in November of 2009. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	2010	2009
Real Property		
Residential / Agriculture	\$302,949,830	\$306,707,330
Commercial / Industrial	15,409,130	16,054,210
Tangible Personal Property		
Public Utility Personal	1,551,210	1,460,250
Business Tangible	109,760	711,970
Total	\$320,019,930	\$324,933,760

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 2010, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Ohio Casualty Ins. Co.	Commercial Property	\$9,654,000
	General Liability	\$1,000,000
	Vehicle	\$ 50,000
Arlington Roe & Co.	Errors and Omissions	\$2,000,000
Ohio Casualty Insurance Co.	Library Officials	\$ 20,000

In 2009, the library's coverage was as follows:

Company	Type of Coverage	Amount of Coverage
Ohio Casualty Ins. Co.	Commercial Property	\$9,373,000
	General Liability	\$1,000,000
Arlington Roe & Co.	Errors and Omissions	\$2,000,000
Ohio Casualty Insurance Co.	Library Officials	\$ 20,000

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

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

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.

For the year ended December 31, 2010 and 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2009 and 2010 was 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, 2010, 2009, and 2008 were \$116,843, \$128,069, and \$129,405 respectively; the full amount has been contributed for 2010, 2009, and 2008.

8. POST-EMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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

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

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 14 percent of covered payroll from January 1, 2009 through December 31, 2010.

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

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 fund post-employment benefits from January 1 through March 31, 2009 was 7% and from April 1 through December 31, 2009 was 5.5%. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amount vary depending on the number of covered dependents and the coverage selected.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$42,425, \$53,748, and \$64,703 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

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

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.



Dave Yost • 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
Dayton, 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 Wright Memorial Public Library, Montgomery County, (the Library) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 9, 2011, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated September 9, 2011.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 9, 2011



Dave Yost • 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
NOVEMBER 10, 2011**