

**Ashland Public Library**  
***Ashland County, Ohio***

**AUDIT REPORT**

**For the Year Ended December 31, 2010**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Trustees  
Ashland Public Library  
224 Claremont Avenue  
Ashland, Ohio 44805

We have reviewed the *Report of Independent Accountants* of the Ashland Public Library, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 22, 2011

**This Page is Intentionally Left Blank.**

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
FOR THE YEAR ENDED DECEMBER 31, 2010

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
Report of Independent Accountants	1-2
Management's Discussion and Analysis	3-12
Statement of Net Assets – Modified Cash Basis December 31, 2010	13
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2010	14
Statement of Modified Cash Basis Assets and Fund Balances For the Year Ended December 31, 2010	15
Statement of Cash Receipts, Disbursements and Changes In Modified Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2010	16
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – General Fund - For the Year Ended December 31, 2010	17
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Special Revenue Memorial Fund - For the Year Ended December 31, 2010	18
Notes to the Basic Financial Statements	19-37
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	38-39
Schedule of Prior Audit Findings	40

**This Page is Intentionally Left Blank.**

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

## **REPORT OF INDEPENDENT ACCOUNTANTS**

Ashland Public Library  
Ashland County  
224 Claremont Avenue  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ashland Public Library, Ashland County, Ohio (the Library) as of and for the year ended December 31, 2010, 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 an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is 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 modified basis financial position of the governmental activities and each major fund of the Ashland Public Library, Ashland County, as of December 31, 2010, and the respective changes in modified cash basis financial position and the budgetary comparison for the General Fund and Special Revenue Memorial Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

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, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2011, on our consideration of the Ashland Public Library, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Charles E. Harris & Associates*

**Charles E. Harris & Associates, Inc.**

May 26, 2011



**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year ended December 31, 2010  
Unaudited

---

The management's discussion and analysis of the Ashland Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2010 within the limitations of the Library's modified cash basis accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Library's financial performance.

**Highlights**

Key financial highlights for 2010 are as follows:

- Net assets of the Library increased \$124,976 or 6.4%. This is due to the tax levy approved by voters in 2009.
- The Library's major source of income is the Local Government Revenue also called Public Library Fund which represents \$953,859 or 63.8% of the total receipts within the General Fund. Other taxes represent 31.1% for a total of 94.9% of the General Fund total receipts. The Public Library Fund total revenues are 6.1% lower than 2009 revenues from the same source.
- Fines and Fees increased \$5,503 from the amount estimated for an 11% increase.
- Interests on Library Investments decreased (\$31,970) or 76.7% from 2009. Huntington Bank incorrectly posted \$22,102 interest into another client's account. The bank error was corrected in January, 2011. The interest revenue was not recorded into the client's books until January 2011. Therefore, the interest revenue was not included in this report.

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year ended December 31, 2010  
Unaudited

---

**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 modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Government 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. The Library has chosen to provide separate columns for the General Fund, Special Revenue Memorial Fund, Capital Projects Building Fund, and Capital Projects Bookmobile Fund. 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (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 modified cash basis of accounting.

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year ended December 31, 2010  
Unaudited

---

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the Library at year end. The statement of activities compares cash disbursements with receipts for each governmental program selected for comparison. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to 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 modified 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 nonfinancial factors as well such as the reliance on non-local financial resources for operations and the need for continued growth in the revenue sources.

In the statement of net assets and the statement of activities, the Library presents Governmental Activities.

Governmental Activities - All of the Library's basic services are reported here. Library and local government support finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
 Management's Discussion and Analysis  
 For the Year ended December 31, 2010  
 Unaudited

---

**Reporting the Library's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the Library's major funds. The Library establishes separate funds to better manage its reporting and demonstrate that money is restricted as to how it may be used and is being spent for the intended purpose. The major funds of the Ashland Public Library are the General, Special Revenue Memorial, Capital Projects Building and Capital Projects Bookmobile.

Governmental Funds – All of 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 Library as a Whole**

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

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2009</u>	<u>2010</u>	
<b>Assets</b>			
Cash & Cash Equivalents	\$361,756	\$496,341	\$134,585
Investments	<u>1,601,232</u>	<u>1,591,623</u>	(9,609)
<i>Total Assets</i>	<u>\$1,962,988</u>	<u>\$2,087,964</u>	<u>\$124,976</u>

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**

Management's Discussion and Analysis

For the Year ended December 31, 2010

Unaudited

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2010</u>	<u>Change</u>
<b>Net Assets</b>			
Restricted For:			
Capital Projects	\$604,172	\$499,384	\$(104,788)
Other Purposes	1,189,966	1,159,850	(30,116)
Unrestricted	<u>168,850</u>	<u>428,730</u>	<u>259,880</u>
 <i>Total Net Assets</i>	 <u>\$1,962,988</u>	 <u>\$2,087,964</u>	 <u>\$124,976</u>

As previously mentioned; net assets of governmental activities increased \$124,976 or 6.4%. This is the result of the tax levy passed by voters in 2009 and more than anticipated revenues from fines, fees and miscellaneous.

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

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

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2010</u>	<u>Differences</u>
Receipts:			
Program Receipts:			
Charges for Services	\$55,975	\$55,403	\$(572)
Operating Grants and Contributions	<u>1,896</u>	<u>2,972</u>	<u>1,076</u>
Total Program Receipts:	57,871	58,375	504
General Receipts:			
LLGSF and Other Local Taxes	1,017,931	1,419,430	401,499
Unrestricted Gifts and Contributions	2,381	908	(1,473)
Interest	41,678	9,708	(31,970)
Miscellaneous	<u>6,043</u>	<u>8,892</u>	<u>2,849</u>
Total General Receipts	<u>1,068,033</u>	<u>1,438,938</u>	<u>370,905</u>
 Total Receipts	 <u>1,125,904</u>	 <u>1,497,313</u>	 <u>371,409</u>

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2010</u>	<u>Differences</u>
Disbursements:			
Library Services:			
Public Service and Programs			
Adult	\$280,831	\$253,207	\$(27,624)
Young Adult/Teen	22,698	25,233	2,535
Juvenile	64,345	130,372	66,027
Circulation	245,894	214,901	(30,993)
Collection Development			
Adult	15,031	16,834	1,803
Young Adult/Teen	2,840	2,955	115
Juvenile	11,362	11,820	458
Processing	94,463	111,328	16,865
Support Services:			
Facilities Operation and Maintenance	89,461	78,272	(11,189)
Information Services	42,051	50,821	8,770
Administration and Support	180,706	164,593	(16,113)
Purchased & Contracted Services	111,543	92,571	(18,972)
Bookmobile	140,412	110,346	(30,066)
Capital Outlay	<u>92,107</u>	<u>109,084</u>	<u>16,977</u>
 Total Disbursements:	 <u>1,393,743</u>	 <u>1,372,337</u>	 <u>(21,406)</u>
 Increase (Decrease) in Net Assets	 (267,839)	 124,976	 371,409
 Net Assets, January 1	 <u>2,230,827</u>	 <u>1,962,988</u>	 <u>(267,839)</u>
 Net Assets, December 31	 <u>\$1,962,988</u>	 <u>\$2,087,964</u>	 <u>\$124,976</u>

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**

Management's Discussion and Analysis

For the Year Ended December 31, 2010

Unaudited

---

Program receipts represent only 3.9% of total receipts and are comprised of monies received from fines and fees.

Bookmobile program receipts represent only .13% of total receipts and are comprised of monies received by and for the Bookmobile service.

General receipts represent 96.1% of the Library's total receipts, and of this amount 66.3% represents Local Government Revenue and other taxes represent 32.4%. Unrestricted Gifts & Contributions and other receipts make up the remaining 1.3%.

Public service programs, collection development, processing, facilities operation and maintenance, and business administration represent the major costs of running the Library.

Capital Projects Funds (Building and Bookmobile) represent Board designated monies set aside for the purpose of funding expenditures, equipment, repairs or purchases expected to enhance the building, land or systems and any expense used for the purpose of maintaining the Bookmobile service or department.

Special Revenue Funds are either designated by the memorial or grant donor for specific purpose or given for Library use as undesignated.

**Governmental Activities**

If you look at the Statement of Activities on page 14, you will see the first column lists the services provided by the Library. The next column identifies the costs of providing this service. The major disbursements for Bookmobile service are payroll, benefits, materials and vehicle service. The receipts reflect fines and fees paid by patrons of the service and any donations or grants assigned specifically for the service. The "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 have been transferred. A comparison between the total cost of services and the net cost is presented in Table 3.

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

(Table 3)  
**Governmental Activities**

	Services Total Cost <u>2009</u>	Services Net Cost <u>2009</u>	Services Total Cost <u>2010</u>	Services Net Cost <u>2010</u>
Library Services:				
Public Service and Programs				
Adult	\$280,831	\$279,435	\$253,207	\$250,735
Young Adult/Teen	22,697	22,597	25,233	25,133
Juvenile	64,345	63,945	130,372	129,972
Circulation	245,894	191,721	214,901	161,419
Collection Development				
Adult	15,031	15,031	16,834	16,834
Young Adult/Teen	2,840	2,840	2,955	2,955
Juvenile	11,362	11,362	11,820	11,820
Processing	94,463	94,463	111,328	111,328
Support Services:				
Facilities Operation and Maintenance	89,461	89,461	78,272	78,272
Information Services	42,051	42,051	50,821	50,821
Administration and Support	180,706	180,706	164,593	164,593
Purchased & Contracted Services	111,543	111,543	92,571	92,571
Bookmobile	140,412	138,609	110,346	108,425
Capital Outlay	<u>92,107</u>	<u>92,107</u>	<u>109,084</u>	<u>109,084</u>
<i>Total Government Activities</i>	<u>\$1,393,743</u>	<u>\$1,335,872</u>	<u>\$1,372,337</u>	<u>\$1,313,962</u>

The dependence upon Local Government Revenue receipts is apparent as over 95.2% of governmental activities are supported through these general receipts.

**The Library's Funds**

Total governmental funds had receipts of \$1,497,313 and disbursements of \$1,372,337. The greatest change was the effect of the tax levy.



**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

**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.

At the year end Board of Trustees meeting on December 29, 2010 the members reviewed revenues and expenditures made year to date as well as conducting the required Library Records Commission Meeting.

General Fund receipts were \$1,494,341 and disbursements were \$1,406,209.

Total disbursements were budgeted at \$1,651,870 while actual disbursements were \$1,406,209.

**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 all cases shrinking funding. We rely heavily on state income and local taxes and are faced with the drain on these limited resources by more and more entities seeking funding avenues. We have found ourselves also wondering if we will be able to continue to operate a Library pending recommendations of our State Legislators for funding suggestions. All departments have been asked to review their spending and all have complied with this request. We also face the problem of shrinking limited physical space for continuing services.

A building project formerly considered has been put on hold due to reduced revenues and an uncertain economical picture.

**ASHLAND PUBLIC LIBRARY, ASHLAND COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

---

**Contacting the Library's Financial Management**

The financial report is designed to provide our patrons, taxpayers and public 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 Linda A. Flowers, Fiscal Officer, Ashland Public Library, 224 Claremont Avenue, Ashland, Ohio 44805.

**Ashland Public Library, Ashland County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2010*

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$496,341
Investments	1,591,623
<i>Total Assets</i>	\$2,087,964
 <b>Net Assets</b>	
Restricted For:	
Capital Projects	\$499,383
Other Purposes	1,159,850
Unrestricted	428,731
<i>Total Net Assets</i>	\$2,087,964

See accompanying notes to the basic financial statements

**Ashland Public Library, Ashland County**

*Statement of Activities - Modified Cash Basis*

*For the Year Ended December 31, 2010*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs				
Adult	\$253,207		\$2,472	(\$250,735)
Young Adult/Teen	25,233		100	(25,133)
Juvenile	130,372		400	(129,972)
Circulation	214,901	53,482		(161,419)
Collection Development				
Adult	16,834			(16,834)
Young Adult/Teen	2,955			(2,955)
Juvenile	11,820			(11,820)
Processing	111,328			(111,328)
Support Services:				
Facilities Operation and Maintenance	78,272			(78,272)
Information Services	50,821			(50,821)
Administration and Support	164,593			(164,593)
Purchased & Contracted Services	92,571			(92,571)
Bookmobile	110,346	1,921		(108,425)
Capital Outlay	109,084			(109,084)
<i>Total Governmental Activities</i>	<u>\$1,372,337</u>	<u>\$55,403</u>	<u>\$2,972</u>	<u>(\$1,313,962)</u>
<b>General Receipts</b>				
				953,859
Local Library Government Support Fund				465,571
Other Local Taxes				908
Unrestricted Gifts and Contributions				9,708
Interest				8,892
Miscellaneous				<u>1,438,938</u>
<i>Total General Receipts</i>				<u>1,438,938</u>
				124,976
Change in Net Assets				1,962,988
<i>Net Assets Beginning of Year</i>				<u>1,962,988</u>
<i>Net Assets End of Year</i>				<u><u>\$2,087,964</u></u>

See accompanying notes to the basic financial statements

**Ashland Public Library, Ashland County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2010

	General	Special Revenue Memorial	Building Fund	Bookmobile Fund	Total Governmental Funds
<b>Assets</b>					
Equity in Cash and Cash Equivalents	\$99,269	\$272,988	\$109,194	\$14,890	\$496,341
Investments	329,462	886,862	333,229	42,070	1,591,623
<i>Total Assets</i>	<u>\$428,731</u>	<u>\$1,159,850</u>	<u>\$442,423</u>	<u>\$56,960</u>	<u>\$2,087,964</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$171,749	\$1,281	\$29,988	\$7,516	\$210,534
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	256,982				256,982
Special Revenue Funds		1,158,569			1,158,569
Capital Projects Funds			412,435	49,444	461,879
<i>Total Fund Balances</i>	<u>\$428,731</u>	<u>\$1,159,850</u>	<u>\$442,423</u>	<u>\$56,960</u>	<u>\$2,087,964</u>

See accompanying notes to the basic financial statements

**Ashland Public Library, Ashland County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Special Revenue Memorial Fund	Building Fund	Bookmobile Fund	Total Governmental Funds
<b>Receipts</b>					
Other Local Taxes	\$465,571				\$465,571
Local Library Government Support Fund	953,859				953,859
Patron Fines and Fees	55,403				55,403
Contributions, Gifts and Donations	908	\$2,972			3,880
Earnings on Investments	9,708				9,708
Miscellaneous	8,892				8,892
<i>Total Receipts</i>	<u>1,494,341</u>	<u>2,972</u>	<u>-</u>	<u>-</u>	<u>1,497,313</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Public Service and Programs					
Adult	239,088	11,620			250,708
Young Adult/Teen	23,583	760			25,233
Juvenile	129,960				130,372
Circulation	214,901				214,901
Collection Development					
Adult	16,834				16,834
Young Adult/Teen	2,955				2,955
Juvenile	11,820				11,820
Processing	111,328				111,328
Support Services:					
Facilities Operation and Maintenance	72,147	2,072	4,053		78,272
Information Services	50,821				50,821
Administration and Support	164,593				164,593
Purchased & Contracted Services	92,571	3,801			96,372
Bookmobile	101,786			8,560	110,346
Capital Outlay	2,073	14,835	92,176		109,084
<i>Total Disbursements</i>	<u>1,234,460</u>	<u>33,088</u>	<u>96,229</u>	<u>8,560</u>	<u>1,372,337</u>
<i>Net Change in Fund Balances</i>	259,881	(30,116)	(96,229)	(8,560)	124,976
<i>Fund Balances Beginning of Year</i>	<u>168,850</u>	<u>1,189,966</u>	<u>538,652</u>	<u>65,520</u>	<u>1,962,988</u>
<i>Fund Balances End of Year</i>	<u>\$428,731</u>	<u>\$1,159,850</u>	<u>\$442,423</u>	<u>\$56,960</u>	<u>\$2,087,964</u>

See accompanying notes to the basic financial statements

**Ashland Public Library, Ashland County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$467,943	\$467,943	\$465,571	(\$2,372)
Intergovernmental	945,277	945,277	953,859	8,582
Patron Fines and Fees	49,900	49,900	55,403	5,503
Contributions, Gifts and Donations	600	600	908	308
Earnings on Investments	14,400	14,400	9,708	(4,692)
Miscellaneous	4,900	4,900	8,892	3,992
<i>Total Receipts</i>	1,483,020	1,483,020	1,494,341	11,321
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs				
Adult	298,359	298,359	258,087	40,272
Young Adult/Teen	31,273	31,273	23,583	7,690
Juvenile	136,091	136,091	129,960	6,131
Circulation	287,462	287,462	236,901	50,561
Collection Development				
Adult	32,000	32,000	18,834	13,166
Young Adult/Teen	8,496	8,496	2,955	5,541
Juvenile	21,000	21,000	13,820	7,180
Processing	129,693	129,693	113,328	16,365
Support Services:				
Facilities Operation and Maintenance	111,347	111,347	99,147	12,200
Information Services	59,626	59,626	51,821	7,805
Administration and Support	182,350	182,350	166,593	15,757
Purchased & Contracted Services	186,444	186,444	144,571	41,873
Bookmobile	160,901	160,901	141,854	19,047
Capital Outlay	6,828	6,828	4,755	2,073
<i>Total Disbursements</i>	1,651,870	1,651,870	1,406,209	245,661
<i>Net Change in Fund Balance</i>	(168,850)	(168,850)	88,132	256,982
<i>Fund Balance Beginning of Year</i>	111,661	111,661	111,661	-
Prior Year Encumbrances Appropriated	57,189	57,189	57,189	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,982</u>	<u>\$ 256,982</u>

See accompanying notes to the basic financial statements

**Ashland Public Library, Ashland County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Special Revenue Memorial  
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Contributions, Gifts and Donations	\$ 300	\$ 300	\$ 2,972	\$ 2,672
<i>Total Receipts</i>	300	300	2,972	2,672
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs				
Adult	194,151	194,151	11,620	182,531
Young Adult/Teen	32,012	32,012	760	31,252
Support Services:				
Facilities Operations and Maintenance	300,000	300,000	2,072	297,928
Information Services	20,000	20,000	-	20,000
Purchased & Contracted Services	31,225	31,225	3,801	27,424
Capital Outlay	612,878	612,878	16,116	596,762
<i>Total Disbursements</i>	1,190,266	1,190,266	34,369	1,155,897
<i>Net Change in Fund Balance</i>	(1,189,966)	(1,189,966)	(31,397)	1,158,569
<i>Fund Balance Beginning of Year</i>	1,157,586	1,157,586	1,157,586	-
Prior Year Encumbrances Appropriated	32,380	32,380	32,380	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 1,158,569	\$ 1,158,569

See accompanying notes to the basic financial statements



**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

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

The Ashland Public Library was organized as a school district public library in 1893 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Ashland Board of Education. Appointments are for seven year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the 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 roll and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. 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's resources. The Ashland Public Library has no component units.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

The Friends of the Ashland Public Library 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 funds maintained by the organization are not significant in amount to the Library's total resources. Therefore, this organization has been excluded from the reporting entity of the Library.

The Library provides the community with numerous and varied educational and literary resources.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the Ashland Public Library have been prepared on a modified cash basis of accounting. This modified 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 modified 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Library has elected not to apply FASB Statements after November 30, 1989. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

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.

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 the Library's activities selected for comparison by management. 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 programs service, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or activity is self-financing on a modified cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

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.

Governmental funds are financed primarily from taxes and other nonexchange transactions. Monies are assigned to the various funds according to the purposes for which they may or may not be used and according to law. The following are the Library's Management chosen major governmental funds:

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

- General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.
- Special Revenue Memorial Fund – The Special Revenue Memorial Fund or grant monies are funds given in memory or determined to be used for a specific program. They can be designated for a specific purpose or line item purchase, or undesignated use to be determined by the Library within the general laws of Ohio. This is the only Special Revenue Fund.

- Capital Project Funds:

Building, Equipment and Repair Fund – The Building, Equipment and Repair Fund receives money from the General Fund to make land improvements, repair and maintain property and systems, and purchase furniture and equipment. These funds are transferred and set aside by the Board of Library Trustees.

Bookmobile Fund – The Bookmobile Fund receives money from the General Fund for any purpose relating to the Bookmobile. These funds are transferred and set aside by the Board of Library Trustees as being available for any propose involving the Bookmobile or Bookmobile department.

C. Basis of Accounting

The Library’s financial statements are prepared using the modified 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 modified cash basis of accounting, certain revenues (such as investment income not yet reported) and certain liabilities (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

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. The legal level of control has been established at the fund and character or major category of the object code level for all funds set forth in the Annual Appropriation Resolution and certified by the Ashland County Auditor. The Ashland Public Library Board of Trustees has determined that within the General Fund transfers may be deemed appropriate at any level except at the Fund level, the 8000 – Contingency and 9000 – Interfund Transfers. Any activities within these objects must be approved by Board action.

It is determined the within the Special Revenue Memorial Fund, Building Fund and Bookmobile Fund that transfers or expenditures are deemed appropriate up to a maximum of \$ 25,000. Any activity from any Fund level herein described or object level in excess of the allowed amount requires approval from the Board.

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. These amended certificate amounts will be reported at the next board meeting and approved as to amount and corresponding line item increases or reductions. 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 resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year. Any unexpended amount from previous year appropriations are added back to the object and line item from which they were originally appropriated.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

E. Cash and Cash Equivalents

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

Investments regardless of maturity are classified as investments and are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

During 2010 monies were limited to certificates of deposit and Star Ohio. The Board approved Ashland Public Library Investment Policy dictates types of eligible investments and non-renewing monies are approved by Board action as to placement. Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library as outlined in each Deposit of Public Funds Agreement.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2010 amounted to \$9,708.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

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. The Library has no restricted assets.

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 modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement of 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. Long-Term Obligations

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

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for library materials, supplies and equipment.

The Library's policy is to meet the obligations of restricted resources as quickly as possible and notification is sent to the regulator and placed on the material by means visible to the public.

M. Fund Balance Reserves

Reserves or designated fund balances indicate that a portion of the fund balance is not available for current appropriations or use. The unreserved or undesignated portions of fund balance reflected in the governmental funds are available for use within the specific purposes of funds. The Library reserved amounts representing encumbrances outstanding in the governmental funds.

The Library reserves a portion of fund balance under 8000 – Contingency. These reserves are available for appropriation in whatever line item deemed necessary by action of the Board of Trustees. At the end of the year any amount remaining in Contingency reverts back to unreserved.

N. Interfund Transfers

Interfund Transfers from the General Fund to either of the Capital Projects Funds are reported as other financing sources/uses in governmental funds. Any such transactions are usually performed at the year-end Board meeting following a review of all revenues and expenditures for the year. No transactions were performed in 2010.



**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year ended December 31, 2010

---

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Special Revenue Memorial 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 modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$171,749 for the General Fund and \$1,281 for the Special Revenue Memorial Fund.

**Note 4 – Deposits and Investments**

State statutes classify monies held by the Library into three categories.

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

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by 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.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

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

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

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The exact amounts and circumstances are spelled out in the Deposit for Public Funds Agreement.

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

**Deposits**

Custodian credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2010, the Library's total bank balances were \$1,791,714. Of the bank balance \$1,545,373 was covered by FDIC and \$246,341 was covered by pooled collateral. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money has been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by the FDIC. The Library has secured FIRREA statements from its lending institutions.

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.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statement  
For the Year Ended December 31, 2010

---

**Investments**

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

	<u>Carrying Value</u>	<u>Maturity</u>
STAR OHIO	\$296,250	Less Than One Year

Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library does not have an investment policy beyond the requirements of state statute. Ohio Law 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 the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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 requirement 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 Library has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M) (2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the fiscal officer, 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 fiscal officer, governing board, or qualified trustee."

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

The Library has secured FIRREA (Financial Institutions Reform, Recovery & Enforcement Act) from its current lenders.

**Note 5 – Tax Receipts**

The primary source of revenue for Ohio public libraries is the Local Government Revenue. The money is allocated to each county based on the county's prior intangibles tax or LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. The Budget Commission for Ashland County is comprised of the Auditor, Treasurer and County Prosecutor. They distribute the total county allotment between the Ashland and Loudonville Library's. The current distribution is 65% to Ashland and 35% to Loudonville.

The County is responsible for assessing property or tangible personal property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

The Local Government Revenue funds collected by the Library for the year ending December 31, 2010 amounted to \$953,859. Other taxes administered by the County on behalf of the Library amounted to \$465,571.

The Budget Commission holds an annual budget hearing at the Ashland County Court House office of the Auditor. During this hearing the Auditor confirms the Local Government Revenue amount to be provided the Library during the next calendar year.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

**Note 6 – Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010 the Library contracted with Spreng-Smith Company for various types of insurance coverage as follows:

Type of Coverage	Coverage
Building	\$3,900,000
General Liability	1,000,000
Commercial Crime	1,000
Employee Dishonesty	10,000
Inland Marine	2,217,792
Vehicle	500,000
Errors and Omissions	1,000,000
Directors & Officers	3,000,000
Employment Practices	3,000,000
Business Personal Property	500,000
Public Official Bond	1,000,000
Commercial Umbrella	2,000,000

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

The Library pays the State Workers' Compensation System a premium based on a rate determined by Claim Cost, Expected Loss Developments, Experience Rating and Premium Estimate. The Library participates in a group rating plan administered by Sheakley UniService Inc. The Library provides full time employees health and life insurance coverage through a private carrier approved by the Board – Insurance Marketing. The Library also offers at employee expense a cafeteria plan approved for all employees - Unum Life Insurance, Humana Dental, Vision Service Plan, and AFLAC supplemental cancer, dread disease, and long care insurance.

The Library's total contribution for health insurance for 2010 was \$164,045 and for life insurance amounted to \$724.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

**Note 7 – Defined Benefit Pension Plan**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614- 222-5601 or 800- 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.0 % for members in state and local classifications. The 2010 employer contribution rate for state and local employers was 14.00 % of covered payroll.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

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 \$92,415, \$93,771 and \$95,917, respectively; the full amount has been contributed for 2010, 2009 and 2008.

**Note 8 – Postemployment Benefits**

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.



**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of the post employment health care benefits. 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 amounts vary depending on the number of covered dependents and the coverage selected.

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

The rates stated above are the contractually required contribution rates for OPERS. Actual employer contributions for 2010, 2009 and 2008 which were used to fund post employment benefits were \$33,530, \$28,315 and \$39,387.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2003, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 9 – Ohio Public Employees Deferred Compensation Plan**

The Library participates with the Ohio Public Employees Deferred Compensation Board, an entity created by Ohio Revised Code Section 145.72 (the “Board”). The Ohio Public Employees Deferred Compensation program administers all facets of the program, consistent with the Enabling Statutes and all the Rules and Regulations promulgated by the Board, whether by Ohio Administrative Code or otherwise. The Library gives the program facilitators permission to approach employees and negotiate with them as within the restriction of the program. Statements and correspondence are all handled directly between the program staff and Library employee. Specific amounts to be withheld are sent to the Fiscal Officer for deduction from the pay of an employee and that amount is forwarded each pay to the Ohio Public Employees Deferred Compensation program with the accompanying invoice for payment.

**Note 10 – Leases**

The Library leases equipment and a garage under annual or non-cancelable leases. The Library disbursed \$12,912 to pay lease costs for the year ended December 31, 2010.

- Mansfield Typewriter - copier                   \$ 3,123 month to month
- Neopost - postal meter /postage               3,527 yearly
- MDJ Enterprise - garage                       1,650 month to month - canceled
- Office Equipment Finance – copier           4,612 month to month

**Ashland Public Library, Ashland County**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010

---

**Note 11– Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

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

Ashland Public Library  
Ashland County  
224 Claremont Avenue  
Ashland, Ohio 44805

To the Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of the Ashland Public Library, Ashland County, Ohio (the Library) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 26, 2011, wherein we noted that the Library followed a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls 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 auditing 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.

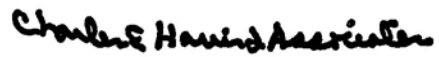
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies 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 grants 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 such 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 the Board of Trustees. We intend it for no one other than these specified parties.



***Charles E. Harris and Associates, Inc.***

May 26, 2011

**ASHLAND PUBLIC LIBRARY  
ASHLAND COUNTY, OHIO  
For the Year Ended December 31, 2010**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, as of December 31, 2009, reported no material citations or recommendations.



# Dave Yost • Auditor of State

ASHLAND COUNTY PUBLIC LIBRARY

ASHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 05, 2011