



Dave Yost • Auditor of State

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

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 years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Ashland Public Library, Ashland County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

We applied no procedures to the Management's Discussion & Analysis presented on pages 3 - 8 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2015

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

This management's discussion and analysis of the Ashland Public Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2014 and December 31, 2013, 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 2014 are as follows:

- Net position of governmental activities decreased by \$18,620, or 0.65%.
- The General Fund reported a fund balance of \$2,499,804 at the end of 2014, which is an increase of \$169,095, or 7.26% from 2013.
- The Library's general receipts are primarily from property taxes and the State Public Library Fund (PLF). These receipts represent 88.41% of the total cash received during the year. Property tax and Public Library Fund receipts for 2014 decreased by \$23,210, or 1.69%, compared to 2013 due to reductions in the PLF state tax revenues and slight decrease in property tax collections.

Key highlights for 2013 are as follows:

- Net position of governmental activities increased by \$649,938 or 29.10%.
- The General Fund reported a fund balance of \$2,330,709 at the end of 2013, which is an increase of \$557,008, or 31.40% from 2012.
- The Library received an undesignated donation of \$688,000, which was placed in the General Fund.

Using the Basic Financial Statements

The 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 position 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.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

Basis of accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related receipts (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 position and the statement of activities reflect how the Library did financially during 2014 and 2013, within the limitations of the cash basis accounting. The statement of net position presents the cash balances and investments of the Library 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 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 nonfinancial factors as well as the Library's property tax base and the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, the Library reports all services provided as Governmental Activities. Taxes and local government support finance most of these activities.

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 and is being spent for the intended purpose.

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's major governmental funds are the General Fund, Building Equipment and Repair Fund, and the Bookmobile Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2014, 2013 and 2012 on a cash basis:

(Table 1)			
	Net Position		
	Governmental Activities		
	2014	2013	2012
<u>Assets</u>			
Cash & Cash Equivalents	\$2,864,744	\$2,883,364	\$2,233,426
Total Assets	<u>\$2,864,744</u>	<u>\$2,883,364</u>	<u>\$2,233,426</u>
<u>Net Position</u>			
Unrestricted	2,864,744	2,883,364	2,233,426
Total Net Position	<u>\$2,864,744</u>	<u>\$2,883,364</u>	<u>\$2,233,426</u>

Net position of governmental activities decreased by \$18,620, or 0.65% during 2014, and increased by \$649,938, or 29.10% during 2013. The primary reason for the increase in 2013 and the decrease in 2014, was that the Library was the recipient of a significant donation in 2013.

Table 2 reflects the changes in net position in 2014, 2013, and 2012 for governmental activities.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

(Table 2)

	Changes in Net Position		
	Governmental Activities		
	2014	2013	2012
Receipts:			
Program Receipts:			
Charges for Service and Sales	\$52,003	\$54,003	\$58,175
Operating Grants and Contributions			13,212
Total Program Receipts	52,003	54,003	71,387
General Receipts:			
Property Taxes	391,510	395,998	376,514
Public Library	954,736	973,458	951,608
Intergovernmental	57,126	116,207	59,740
Unrestricted Gifts and Contributions	60,922	694,063	-
Earnings on Investments	6,486	10,511	25,093
Sale of Capital Assets	255	934	-
Total General Receipts	1,471,035	2,191,171	1,412,955
Total Receipts	1,523,038	2,245,174	1,484,342
Disbursements:			
Library Services			
Public Services and Programs	519,481	493,613	694,807
Collection Development and Processing	413,689	411,053	240,899
Support Services			
Facilities Operation and Management	143,519	150,912	186,125
Information Services	95,004	95,431	53,145
Business Administration	228,847	260,595	181,375
Capital Outlay	141,118	183,632	151,039
Total Disbursements	1,541,658	1,595,236	1,507,390
Change in Net Position	(18,620)	649,938	(23,048)
Net Position January 1	2,883,364	2,233,426	2,256,474
Net Position December 31	\$2,864,744	\$2,883,364	\$2,233,426

Certain amounts in the above table have been reclassified to conform to current year presentations/classifications.

Program receipts are comprised of library fines and fees for lost materials and use of the copier. Program receipts represent 3.41% of total receipts in 2014, and 2.41% of total receipts in 2013.

General receipts represent the majority of the Library's total receipts. Public Library Fund receipts accounted for 62.69% of the Library's revenue in 2014, but only 43.36% in 2013. This is because the Library received a significant donation in 2013. Property Taxes, Public Library, and Contributions and Donations make up the majority of the Library's general receipts.

The significant decrease in Unrestricted Gifts and Contributions from 2013 to 2014 is due to a single donation that was received in 2013.

Disbursements for Public Services and Programs, Collection Development and Processing, Facilities Operation and Management, Information Services, Business Administration, and Capital Outlay represent the costs of running the Library.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

Governmental Activities

If you look at the Statement of Activities for the Library, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for Governmental Activities are for Library Services, which account for 60.53% of all Governmental disbursements in 2014, and 56.71% in 2013. The next column of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service such as copier charges and library fines and fees. 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 funds. 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.

Governmental Activities						
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013	2012	2012
Program Expenses:						
Library Services:						
Public Services and Programs	\$ 519,481	\$ 484,637	\$ 493,613	\$ 454,004	\$ 694,807	\$ 632,310
Collection Development and Processing	413,689	413,689	411,053	411,053	240,899	240,899
Support Services:						
Facilities Operation and Maintenance	143,519	126,360	150,912	136,518	186,125	177,235
Information Systems	95,004	95,004	95,431	95,431	53,145	53,145
Business Administration	228,847	228,847	260,595	260,595	181,375	181,375
Capital Outlay	141,118	141,118	183,632	183,632	151,039	151,039
Total	\$ 1,541,658	\$ 1,489,655	\$ 1,595,236	\$ 1,541,233	\$ 1,507,390	\$ 1,436,003

The Library's Funds

Total Governmental Funds had receipts of \$1,523,038 and disbursements of \$1,541,658 in 2014 and receipts of \$2,575,174 and disbursements of \$1,925,236 in 2013. In 2013, the greatest change within the Governmental Funds occurred within the General Fund. The fund balance of the General Fund increased by \$557,008 in 2013, as a result of receiving a significant undesignated donation. In 2014, the greatest negative change within the Governmental Funds occurred within the Bookmobile Fund as a result of spending the money that was transferred to the Bookmobile Fund in 2013 for the purchase of a new bookmobile which was completed in 2014.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

General Fund 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 2014 and 2013, final budgeted receipts were primarily the same as original budgeted receipts.

Final disbursements in the General Fund for 2014 were budgeted at \$2,072,593, while actual disbursements were \$1,357,161. This significant variance was a result of less spending on salaries and benefits than was anticipated. Several staffing changes occurred during the year in which full time positions were either not filled or were replaced as part time positions.

Final disbursements in the General Fund for 2013 were budgeted at \$1,927,654, while actual disbursements were \$1,654,647. In both 2013 and 2014, the Library kept spending below the budgeted amounts as demonstrated by the reported variances.

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. The Library relies heavily on local property taxes and Public Library Funding. The Library continues to closely monitor its budget and provide quality services to the community.

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 Jessica Kremser, CPA, Fiscal Officer, Ashland Public Library, 224 Claremont Avenue, Ashland, Ohio 44805.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,864,744</u>
<i>Total Assets</i>	<u><u>\$ 2,864,744</u></u>
Net Position	
Unrestricted	<u>2,864,744</u>
<i>Total Net Position</i>	<u><u>\$ 2,864,744</u></u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	\$ 519,481	\$ 34,844	\$ (484,637)
Collection Development and Processing	413,689	-	(413,689)
Support Services:			
Facilities Operation and Maintenance	143,519	17,159	(126,360)
Information Services	95,004	-	(95,004)
Business Administration	228,847	-	(228,847)
Capital Outlay	141,118	-	(141,118)
Total Governmental Activities	\$ 1,541,658	\$ 52,003	(1,489,655)
General Receipts:			
Property Taxes Levied for General Purposes			391,510
Public Library			954,736
Intergovernmental			57,126
Unrestricted Gifts and Contributions			60,922
Sale of Capital Assets			255
Earnings on Investments			6,486
Total General Receipts			1,471,035
Change in Net Position			(18,620)
<i>Net Position Beginning of Year</i>			<u>2,883,364</u>
<i>Net Position End of Year</i>			<u>\$ 2,864,744</u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>General</u>	<u>Building Equipment & Repair</u>	<u>Bookmobile</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,499,804	\$ 343,847	\$ 21,093	\$ 2,864,744
<i>Total Assets</i>	<u>\$ 2,499,804</u>	<u>\$ 343,847</u>	<u>\$ 21,093</u>	<u>\$ 2,864,744</u>
Fund Balances				
Assigned	1,780,786	343,847	21,093	2,145,726
Unassigned	719,018	-	-	719,018
<i>Total Fund Balances</i>	<u>\$ 2,499,804</u>	<u>\$ 343,847</u>	<u>\$ 21,093</u>	<u>\$ 2,864,744</u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Building Equipment & Repair	Bookmobile	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 391,510	\$ -	\$ -	\$ 391,510
Public Library	954,736	-	-	954,736
Intergovernmental	57,126	-	-	57,126
Patron Fines and Fees	34,514	-	-	34,514
Services Provided to Other Entities	330	-	-	330
Contributions, Gifts and Donations	60,922	-	-	60,922
Earnings on Investments	6,486	-	-	6,486
Miscellaneous	17,159	-	-	17,159
<i>Total Receipts</i>	<u>1,522,783</u>	<u>-</u>	<u>-</u>	<u>1,522,783</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	519,481	-	-	519,481
Collection Development and Processing	413,689	-	-	413,689
Support Services:				
Facilities Operation and Maintenance	128,986	14,533	-	143,519
Information Services	60,004	35,000	-	95,004
Business Administration	211,540	-	17,307	228,847
Capital Outlay	20,243	1,715	119,160	141,118
<i>Total Disbursements</i>	<u>1,353,943</u>	<u>51,248</u>	<u>136,467</u>	<u>1,541,658</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>168,840</u>	<u>(51,248)</u>	<u>(136,467)</u>	<u>(18,875)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	255	-	-	255
<i>Net Change in Fund Balances</i>	169,095	(51,248)	(136,467)	(18,620)
<i>Fund Balances Beginning of Year</i>	<u>2,330,709</u>	<u>395,095</u>	<u>157,560</u>	<u>2,883,364</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,499,804</u>	<u>\$ 343,847</u>	<u>\$ 21,093</u>	<u>\$ 2,864,744</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, 2014**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 449,362	\$ 391,862	\$ 391,510	\$ (352)
Public Library	947,281	947,281	954,736	7,455
Intergovernmental	-	57,500	57,126	(374)
Patron Fines and Fees	39,050	39,050	34,514	(4,536)
Services Provided to Other Entities	1,000	1,000	330	(670)
Contributions, Gifts and Donations	300	300	2,591	2,291
Earnings on Investments	5,000	5,000	6,486	1,486
Miscellaneous	4,030	4,030	17,159	13,129
<i>Total Receipts</i>	<u>1,446,023</u>	<u>1,446,023</u>	<u>1,464,452</u>	<u>18,429</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	699,375	699,375	519,481	179,894
Collection Development and Processing	612,775	612,775	428,781	183,994
Support Services:				
Facilities Operation and Maintenance	178,029	178,029	129,158	48,871
Information Services	80,537	80,537	60,754	19,783
Business Administration	258,628	258,628	200,046	58,582
Capital Outlay	101,613	101,613	18,941	82,672
<i>Total Disbursements</i>	<u>1,930,957</u>	<u>1,930,957</u>	<u>1,357,161</u>	<u>573,796</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(484,934)</u>	<u>(484,934)</u>	<u>107,291</u>	<u>592,225</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	100	100	255	155
Transfers Out	(141,636)	(141,636)	-	141,636
<i>Total Other Financing Sources (Uses)</i>	<u>(141,536)</u>	<u>(141,536)</u>	<u>255</u>	<u>141,791</u>
<i>Net Change in Fund Balance</i>	(626,470)	(626,470)	107,546	734,016
<i>Unencumbered Fund Balance Beginning of Year</i>	487,851	487,851	487,851	-
Prior Year Encumbrances Appropriated	140,858	140,858	140,858	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 2,239</u>	<u>\$ 2,239</u>	<u>\$ 736,255</u>	<u>\$ 734,016</u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,883,364</u>
<i>Total Assets</i>	<u><u>\$ 2,883,364</u></u>
Net Position	
Unrestricted	<u>2,883,364</u>
<i>Total Net Position</i>	<u><u>\$ 2,883,364</u></u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	\$ 493,613	\$ 39,609	\$ (454,004)
Collection Development and Processing	411,053	-	(411,053)
Support Services:			
Facilities Operation and Maintenance	150,912	14,394	(136,518)
Information Services	95,431	-	(95,431)
Business Administration	260,595	-	(260,595)
Capital Outlay	183,632	-	(183,632)
Total Governmental Activities	\$ 1,595,236	\$ 54,003	(1,541,233)
General Receipts:			
Property Taxes Levied for General Purposes			395,998
Public Library			973,458
Intergovernmental			116,207
Unrestricted Gifts and Contributions			694,063
Sale of Capital Assets			934
Earnings on Investments			10,511
Total General Receipts			2,191,171
Change in Net Position			649,938
<i>Net Position Beginning of Year</i>			<u>2,233,426</u>
<i>Net Position End of Year</i>			<u>\$ 2,883,364</u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Building Equipment & Repair</u>	<u>Bookmobile</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,330,709	\$395,095	\$157,560	\$2,883,364
<i>Total Assets</i>	<u>\$2,330,709</u>	<u>\$395,095</u>	<u>\$157,560</u>	<u>\$2,883,364</u>
Fund Balances				
Assigned	2,328,471	395,095	157,560	2,881,126
Unassigned	2,238	-	-	2,238
<i>Total Fund Balances</i>	<u>\$2,330,709</u>	<u>\$395,095</u>	<u>\$157,560</u>	<u>\$2,883,364</u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Building Equipment & Repair	Bookmobile	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 395,998	\$ -	\$ -	\$ 395,998
Public Library	973,458	-	-	973,458
Intergovernmental	116,207	-	-	116,207
Patron Fines and Fees	38,460	-	-	38,460
Services Provided to Other Entities	1,149	-	-	1,149
Contributions, Gifts and Donations	694,063	-	-	694,063
Earnings on Investments	10,511	-	-	10,511
Miscellaneous	14,394	-	-	14,394
<i>Total Receipts</i>	<u>2,244,240</u>	<u>-</u>	<u>-</u>	<u>2,244,240</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	493,613	-	-	493,613
Collection Development and Processing	411,053	-	-	411,053
Support Services:				
Facilities Operation and Maintenance	137,132	13,780	-	150,912
Information Services	40,894	54,537	-	95,431
Business Administration	252,698	-	7,897	260,595
Capital Outlay	22,776	41,696	119,160	183,632
<i>Total Disbursements</i>	<u>1,358,166</u>	<u>110,013</u>	<u>127,057</u>	<u>1,595,236</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>886,074</u>	<u>(110,013)</u>	<u>(127,057)</u>	<u>649,004</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	934	-	-	934
Transfers In	-	180,000	150,000	330,000
Transfers Out	(330,000)	-	-	(330,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(329,066)</u>	<u>180,000</u>	<u>150,000</u>	<u>934</u>
<i>Net Change in Fund Balances</i>	557,008	69,987	22,943	649,938
<i>Fund Balances Beginning of Year</i>	<u>1,773,701</u>	<u>325,108</u>	<u>134,617</u>	<u>2,233,426</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,330,709</u>	<u>\$ 395,095</u>	<u>\$ 157,560</u>	<u>\$ 2,883,364</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, 2013**

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 310,455	\$ 310,455	\$ 395,998	\$ 85,543
Public Library	977,946	977,946	973,458	(4,488)
Intergovernmental	-	-	116,207	116,207
Patron Fines and Fees	39,850	39,850	38,460	(1,390)
Services Provided to Other Entities	1,000	1,000	1,149	149
Contributions, Gifts and Donations	300	300	2,214	1,914
Earnings on Investments	5,000	5,000	10,511	5,511
Miscellaneous	3,930	3,930	14,394	10,464
<i>Total Receipts</i>	<u>1,338,481</u>	<u>1,338,481</u>	<u>1,552,391</u>	<u>213,910</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	619,884	619,884	525,801	94,083
Collection Development and Processing	540,168	540,168	456,676	83,492
Support Services:				
Facilities Operation and Maintenance	192,976	192,976	165,344	27,632
Information Services	48,794	48,794	44,306	4,488
Business Administration	318,506	318,506	264,767	53,739
Capital Outlay	18,233	18,233	17,753	480
<i>Total Disbursements</i>	<u>1,738,561</u>	<u>1,738,561</u>	<u>1,474,647</u>	<u>263,914</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(400,080)</u>	<u>(400,080)</u>	<u>77,744</u>	<u>477,824</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	934	934
Transfers Out	(189,093)	(189,093)	(180,000)	9,093
<i>Total Other Financing Sources (Uses)</i>	<u>(189,093)</u>	<u>(189,093)</u>	<u>(179,066)</u>	<u>10,027</u>
<i>Net Change in Fund Balance</i>	(589,173)	(589,173)	(101,322)	487,851
<i>Unencumbered Fund Balance Beginning of Year</i>	374,311	374,311	374,311	-
Prior Year Encumbrances Appropriated	214,862	214,862	214,862	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487,851</u>	<u>\$ 487,851</u>

See accompanying notes to the basic financial statements

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Note 1 – Description of the Library and Reporting Entity

The Ashland Public Library (the Library) was organized as a school district public library in 1893 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Ashland City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

The Friends of the 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 resources held by the organization are not significant to the Library and 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.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, the financial statements of the Ashland Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Government-wide Financial Statements - The statement of net position 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 nonexchange transactions.

The statement of net position presents the cash and investment balances 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.

Fund Financial Statements During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Library did not have any non-major funds.

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

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

Building Equipment and Repair Fund - The Building Equipment and Repair Fund receives transfers of revenue from the General Fund which is used for the maintenance and repair of the Library building and contents.

Bookmobile Fund - The Bookmobile Fund receives transfers of revenue from the General Fund which is used for the maintenance and repair of the Library Bookmobile.

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

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 object level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

Cash and Cash Equivalents

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

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents.

Investments 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 2014 and 2013, investments were limited to STAR Ohio and nonnegotiable certificates of deposit. Except for the investments in STAR Ohio, these investments are recorded at cost.

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, 2014 and December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2014 and 2013 amounted to \$6,486 and \$10,511, respectively.

Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

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.

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.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Net Position

Net position is 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 position restricted for other purposes include resources restricted for building repairs and improvements, the purchase of a bookmobile, and various purposes indicated by donors.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Estimates

The cash basis of accounting used by the Library requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as expenditures by program type which cannot be specifically designated to a single program); accordingly, actual results could differ from those estimates.

Note 3 – Change in Accounting Principle

For 2013, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. The implementation of GASB Statement no. 63 did not have an effect on the financial statements of the Library.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 3 – Change in Accounting Principle (Continued)

For 2013, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 65, which establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources or deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statement presentations. The implementation of GASB Statement No. 65 had no effect on the financial statements of the Library.

For 2013, the Library has implemented GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34” and GASB Statement No. 66, “Technical Corrections- 2012”.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. The Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement 61 did not have an effect on the financial statements of the Library.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements: GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, and GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements”. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Library.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end 2014 (budgetary basis) amounted to \$19,640 for the general fund. The encumbrances outstanding at year end 2013 (budgetary basis) amounted to \$140,858 for the general fund. In addition, as part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, a certain fund that is legally budgeted in a separate special revenue fund is considered part of the general fund for reporting purposes. This includes the special revenue fund.

Note 5 – Deposits and Investments

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

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 5 – Deposits and Investments (Continued)

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

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

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

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

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

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.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 5 – Deposits and Investments (Continued)

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2014, \$17,433 of the Library's bank balance of \$2,841,633 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. At December 31, 2013, \$55,047 of the Library's bank balance of \$2,874,672 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

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

Investments

As of December 31, 2014, the Library had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$47,663	Average 50.1 days

As of December 31, 2013, the Library had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$47,648	Average 50.1 days

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring 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.

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 5 – Deposits and Investments (Continued)

Credit Risk 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.

Custodial Credit Risk 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 credit risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2014 and 2013:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Star Ohio	100.00 %

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Ashland City School District. Property tax revenue received during 2014 and 2013 for real and public utility property taxes represents collections of 2013 and 2012 taxes, respectively.

2014 and 2013 real property taxes were levied after October 1, 2014 and October 1, 2013, respectively, on the assessed value as of January 1, 2014, and January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 and 2013 public utility property taxes which became a lien December 31, 2013 and December 31, 2012, respectively, are levied after October 1, 2014, and October 1, 2013, respectively.

The full tax rate for all Library operations for the years ended December 31, 2014 and December 31, 2013, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 and 2013 property tax receipts were based are as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 6 - Property Taxes (Continued)

	2014	2013
Real Property	\$430,755,330	\$429,291,110
Public Utility Personal Property	18,605,760	17,249,440
Total	\$449,361,090	\$446,540,550

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

Note 7 - 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 2014 and 2013, the Library obtained commercial insurance for the following risks:

Company	Type of Coverage	Coverage
Cincinnati Insurance	Property	\$3,900,000
	Business Personal Property	500,000
	General Liability, in aggregate	2,000,000
	General Liability, per occurrence	1,000,000
	Crime	2,500
	Employee Theft	10,000
	Inland Marine	5,000
	Vehicle	500,000
	Employee Benefit Liability	3,000,000
	Professional Liability	1,000,000

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

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

Note 8 - Defined Benefit Pension Plan

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

**ASHLAND PUBLIC LIBRARY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 8 - Defined Benefit Pension Plan (Continued)

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014 and December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2014 and 2013, member and employer contribution rates were consistent across all three plans.

The Library's 2014 and 2013 contribution rates were 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$78,251, \$87,104, and \$69,514, respectively; 100% percent has been contributed for 2014, 2013, and 2012. Contributions to the Member-Directed Plan for 2014, 2013 and 2012 were \$1,355, \$1,141, and \$1,280 made by the Library and \$968, \$815, and \$914 made by plan members.

Note 9 - Postemployment Benefits

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

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

**ASHLAND PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 9 - Postemployment Benefits (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014 and 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2 percent in 2014 and 1 percent in 2013.

The OPERS Retirement Board 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. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were approximately \$13,036, \$6,697, and \$27,803, respectively; 100 percent has been contributed for 2014, 2013, and 2012.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below for the year ended December 31, 2014:

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ASHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Note 10 – Fund Balances (Continued)

Fund Balances	General	Building Equipment & Repair	Bookmobile	Total
Assigned to:				
Subsequent Year Obligations	\$17,236			\$17,236
Encumbrances	19,640	\$3,420	\$1,000	24,060
Assigned by Board Policy	1,743,910	340,427	20,093	2,104,430
<i>Total Assigned</i>	<u>1,780,786</u>	<u>343,847</u>	<u>21,093</u>	<u>2,145,726</u>
Unassigned	<u>719,018</u>			<u>719,018</u>
<i>Total Fund Balances</i>	<u>\$2,499,804</u>	<u>\$343,847</u>	<u>\$21,093</u>	<u>\$2,864,744</u>

The constraints placed on fund balance for the major governmental funds are presented below for the year ended December 31, 2013:

Fund Balances	General	Building Equipment & Repair	Bookmobile	Total
Assigned to:				
Subsequent Year Obligations	\$485,613			\$485,613
Encumbrances	155,435	\$28,524	\$6,655	190,614
Assigned by Board Policy	1,687,423	366,571	150,905	2,204,899
<i>Total Assigned</i>	<u>2,328,471</u>	<u>395,095</u>	<u>157,560</u>	<u>2,881,126</u>
Unassigned	<u>2,238</u>			<u>2,238</u>
<i>Total Fund Balances</i>	<u>\$2,330,709</u>	<u>\$395,095</u>	<u>\$157,560</u>	<u>\$2,883,364</u>

Note 11 – Interfund Transfers

In 2013, the General Fund transferred \$180,000 to the Building Equipment and Repair capital projects fund for the purchase and maintenance of various items throughout the Library. Also in 2013, the General Fund transferred \$150,000 to the Bookmobile Fund for the purchase of a new Bookmobile.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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 years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 15, 2015, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Columbus, Ohio

September 15, 2015



Dave Yost • Auditor of State

ASHLAND 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
NOVEMBER 5, 2015**