

Wayne County Public Library

Wayne County

Regular Audit

January 1, 2009 through December 31, 2009

Years Audited Under GAGAS: 2009



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Mary Taylor, CPA
Auditor of State

Board of Trustees
Wayne County Public Library
304 North Market Street
Wooster, Ohio 44691

We have reviewed the *Independent Auditor's Report* of the Wayne County Public Library, Wayne County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 Wayne County Public Library is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 8, 2010

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Wayne County Public Library
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Independent Auditor's Report

Members of the Board
Wayne County Public Library
304 North Market Street
Wooster, Ohio 44691

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Public Library, Wayne County, Ohio (the Library), as of and for the year ended December 31, 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

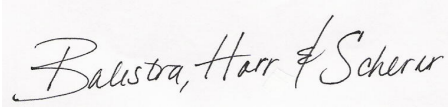
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Public Library, Wayne County, Ohio, as of December 31, 2009, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2010

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

As the management of the Wayne County Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the Library's financial activities for the year ended December 31, 2009.

FINANCIAL HIGHLIGHTS

- The Library's total net assets decreased \$151,737 or 5%.
- As of the close of the most recent fiscal year, the fund balance in the Library's general fund was \$2.2 million, an increase of \$549,168, or 34%, from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Library's assets, within the limitations of the modified cash basis of accounting. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year, within the limitations of the modified cash basis of accounting.

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund financial statements

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. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Library maintains 19 individual governmental funds. Information is presented separately in the governmental fund statement of modified cash basis assets and fund balances and in the governmental fund statement of cash receipts, disbursements and changes in modified cash basis fund balances for the General Fund and Doylestown Branch Fund. These two funds are the Library's only major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. The Library's fund financial statements begin on page 12.

The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 15 of this report.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

THE LIBRARY AS A WHOLE

Table 1 provides a summary of the Library's net assets for 2009 compared to 2008 on the modified cash basis:

Table 1
Net Assets

	2009	2008*
Assets	\$3,002,090	\$3,153,827
Total Assets	<u>\$3,002,090</u>	<u>\$3,153,827</u>
Net Assets		
Restricted	\$818,696	\$1,519,601
Unrestricted	2,183,394	1,634,226
Total Net Assets	<u>\$3,002,090</u>	<u>\$3,153,827</u>

* Restated – See Note 12.

Cash balances decreased between years due to disbursements exceeding receipts during 2009. Significant changes in receipts and disbursements will be discussed under Table 2.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

Table 2 shows the changes in net assets for the year ended December 31, 2009 as compared to 2008.

Table 2
Changes in Net Assets

	2009	2008*
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$156,938	\$184,073
Capital Grants and Contributions	6,000	3,731
Total Program Cash Receipts	<u>162,938</u>	<u>187,804</u>
General Receipts		
Taxes	2,239,574	1,798,324
Unrestricted Gifts and Contributions	27,852	9,151
Grants and Entitlements	3,172,810	3,790,672
Interest	59,026	112,945
Other Receipts	3,026	134,023
Total General Receipts	<u>5,502,288</u>	<u>5,845,115</u>
Total Receipts	<u>5,665,226</u>	<u>6,032,919</u>
Disbursements:		
Program Disbursements:		
Public Service and Programs	2,112,056	2,485,557
Collection Development and Processing	985,138	1,002,568
Facilities Operation and Maintenance	517,647	971,588
Information Services	366,132	376,957
Business Administration	572,602	633,074
Capital Outlay	800,082	1,515,154
Debt Service:		
Principal Retirement	230,000	220,000
Interest	233,306	242,106
Total Disbursements	<u>5,816,963</u>	<u>7,447,004</u>
Changes in Net Assets	(151,737)	(1,414,085)
Net Assets, Beginning of Year	<u>3,153,827</u>	<u>4,567,912</u>
Net Assets, End of Year	<u>\$3,002,090</u>	<u>\$3,153,827</u>

* Restated – See Note 12.

Total receipts decreased \$367,693. This decrease was due mainly to decreases in grants and entitlements, other receipts, and interest receipts. Other receipts decrease was due to a drop in other refunds and reimbursements. Interest receipts decreased due to declining interest rates and decreased cash balances.

Total disbursements decreased \$1,630,041. This decrease was due mainly to decreases in capital outlay as construction contracts were completed.

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General receipts comprise 97% of the Library's receipts with property taxes and unrestricted state entitlements being the primary contributors. Public service and programs, collection development and processing, and business administration are the major activities of the Library, accounting for 36%, 17% and 10% of total disbursements, respectively. Capital outlay accounted for 14% of total disbursements. Principal retirement and interest on the bonds accounted for 8% of the total expenses for 2009.

Total Versus Net Cost of Services

The statement of activities shows the cost of program services and the charges for services, sales and grants associated with those services. Table 3 reflects the cost of program services and the net cost of those services after taking into account the program receipts. The net cost of program services must be supported by general receipts including tax receipts, investment earnings and unrestricted state entitlements.

Table 3

	2009		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Library Services:				
Public Service and Programs	\$2,112,056	\$1,955,118	\$2,485,557	\$2,301,484
Collection Development and Processing	985,138	985,138	1,002,568	1,002,568
Support Services				
Facilities Operation and Maintenance	517,647	517,647	971,588	971,588
Information Services	366,132	366,132	376,957	376,957
Business Administration	572,602	572,602	633,074	633,074
Capital Outlay	800,082	794,082	1,515,154	1,511,423
Debt Service				
Principal Retirement	230,000	230,000	220,000	220,000
Interest	233,306	233,306	242,106	242,106
Total Expense	<u>\$5,816,963</u>	<u>\$5,654,025</u>	<u>\$7,447,004</u>	<u>\$7,259,200</u>

The Library's reliance on general receipts is indicated by the net cost of services column reflecting the need for \$5.6 million of support as well as Table 2 on the preceding page demonstrating that general receipts comprise 97% of the Library's total receipts.

THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current year, the Library's governmental funds reported combined ending fund balances of \$3.0 million, a decrease of \$151,737 in comparison with the prior year. Approximately 73% of this amount (\$2.2 million) constitutes unreserved fund balance, which is available for spending at the Library's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders in the current period (\$191,294) or for endowments (\$24,200).

Wayne County Public Library
Management's Discussion and Analysis
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The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2009 and 2008.

	<u>Fund Balance</u> <u>December 31, 2009</u>	<u>Fund Balance</u> <u>12/31/2008*</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$2,183,394	\$1,634,226	\$549,168
Doylestown Branch	0	901,286	(901,286)
Other Governmental	818,696	618,315	200,381
Total	<u>\$3,002,090</u>	<u>\$3,153,827</u>	<u>(\$151,737)</u>

* Restated – See Note 12.

The General Fund is the chief operating fund of the Library. At the end of the current year, unreserved fund balance of the General Fund was \$2.0 million, while total fund balance reached nearly \$2.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund disbursements. Unreserved fund balance represents 45% of total general fund disbursements, while total fund balance represents 49% of that same amount.

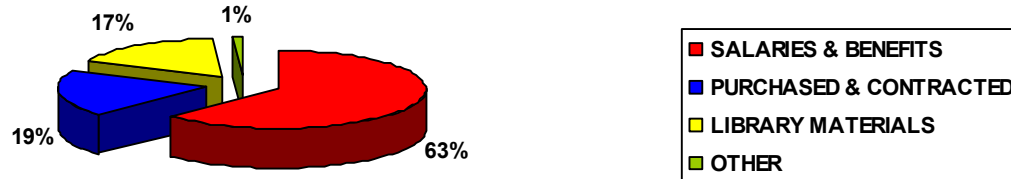
The tables and graphs that follow assist in illustrating the financial activities and corresponding increase in fund balance of the Library's General Fund.

General Fund Receipts Comparative Analysis

	<u>2009</u> <u>Amount</u>	<u>2008*</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
General Taxes	\$1,810,453	\$1,382,684	30.9%
Intergovernmental	3,111,188	3,790,672	(17.9%)
Other	201,974	346,732	(41.7%)
Total	<u>\$5,123,615</u>	<u>\$5,520,088</u>	(7.2%)

* Restated – See Note 12.

As the graph below illustrates, the largest portions of General Fund disbursements are for salaries and fringe benefits. The Library is a service entity and as such is labor intensive.



Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

	2009	2008		Percent
	Amount	Amount	Change	Change
Expenditures by Object:				
Salaries & Benefits	\$2,783,382	\$3,195,864	(\$412,482)	-12.91%
Purchased Services	844,198	940,627	(96,429)	-10.25%
Library Materials	756,229	744,536	11,693	1.57%
Other	45,642	215,697	(170,055)	-78.84%
Total	<u>\$4,429,451</u>	<u>\$5,096,724</u>	<u>(\$667,273)</u>	-13.09%

GENERAL FUND BUDGET INFORMATION

The Library's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The Library's final General Fund actual receipts exceeded estimated revenue by \$138,418, or 2.8%, and the final amended appropriation measure exceeded actual budgetary expenditures by \$523,502, or 11.3%.

DEBT

On November 8, 2005, the voters of Wayne County approved the issuance of a bond anticipation note for the purpose of constructing, furnishing, equipping and otherwise improving new library facilities and improving their sites. The \$6,000,000 Library Improvement Bonds were sold and issued in June 2006. This note was repaid on July 11, 2006 by the proceeds of the bond sale in June of 2006. At December 31, 2009, the balance of these bonds was \$5,240,000. Additional information regarding debt is reported in Note 7 to the basic financial statements.

RESTRICTIONS AND OTHER LIMITATIONS

A major challenge facing the Library is the uncertainty in the future of state funding.

The State is in the middle of a multi-year phase-in of tax changes for both corporate franchise tax and the personal income tax, therefore any attempt to estimate monthly collections involves aiming at a moving target.

For over a decade, the LLGSF funding formula distributed 5.7% of the State income tax receipts each month (based on the previous month's collection) to each Ohio County to support public libraries. Legislation (HB 119) took effect in January 2008 and changed the LLGSF formula to 2.22% of Ohio total tax receipts.

The cash flow each year from the old LLGSF (5.7% of income tax receipts) is much different than the expected cash flow from the new LLGSF (2.22% of total tax receipts).

In general, the old LLGSF cash flow had more peaks, with February each year having the highest receipts of any month (over 20% of the year's receipts). The new LLGSF cash flow projection is "flatter" – the peak month is in June each year (about 15% of the year's receipts). Comparing month-to-date revenue receipts for old LLGSF years to 2008 new LLGSF cash receipts is difficult and confusing.

Effective in June 2008, SB 185 changed the name of the fund from Local Government and Library Support Fund (LLGSF) to the Public Library Fund (PLF).

House Bill 66, signed by the Governor in June 2005 is phasing out the tangible personal property tax. The tax on general business and railroad property will be eliminated by 2009 and the tax on telecommunications will be eliminated by 2011. Local governments, including WCPL, will have the lost revenue fully reimbursed for the first five years and the reimbursements will be phased out over the next seven years.

Amended House Bill 1, effective July 1, 2009, changed the PLF funding formula from 2.22% of Ohio total tax receipts to 1.97% for the 2010-2011 bi-annual State operating budget.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

CONTACTING THE LIBRARY

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact the Fiscal Officer, 304 N. Market Street, Wooster, Ohio 44691-1351.

Wayne County Public Library
Statement of Net Assets - Modified Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,316,267
Investments	<u>1,685,823</u>
<i>Total Assets</i>	<u><u>\$3,002,090</u></u>
Net Assets	
Restricted for:	
Permanent Fund:	
Expendable	\$232,682
Non-Expendable	24,200
Capital Projects	519,374
Debt Service	42,440
Unrestricted	<u>2,183,394</u>
<i>Total Net Assets</i>	<u><u>\$3,002,090</u></u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Public Service and Programs	\$2,112,056	\$156,938	\$0	(\$1,955,118)
Collection Development and Processing	985,138	0	0	(985,138)
Support Services:				
Facilities Operation and Maintenance	517,647	0	0	(517,647)
Information Services	366,132	0	0	(366,132)
Business Administration	572,602	0	0	(572,602)
Capital Outlay	800,082	0	6,000	(794,082)
Debt Service:				
Principal Retirement	230,000	0	0	(230,000)
Interest	233,306	0	0	(233,306)
<i>Total Governmental Activities</i>	<u>\$5,816,963</u>	<u>\$156,938</u>	<u>\$6,000</u>	<u>(5,654,025)</u>
General Receipts				
Property Taxes Levied for General Purposes				1,810,453
Property Taxes Levied for Library Construction				429,121
Unrestricted Gifts and Contributions				27,852
Grants and Entitlements not Restricted to Specific Programs				3,172,810
Interest				59,026
Miscellaneous				3,026
<i>Total General Receipts</i>				<u>5,502,288</u>
Change in Net Assets				(151,737)
<i>Net Assets Beginning of Year - As restated, see Note 12</i>				<u>3,153,827</u>
<i>Net Assets End of Year</i>				<u><u>\$3,002,090</u></u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Doylestown Branch</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$863,493	\$0	\$452,774	\$1,316,267
Investments	1,319,901	0	365,922	1,685,823
<i>Total Assets</i>	<u>\$2,183,394</u>	<u>\$0</u>	<u>\$818,696</u>	<u>\$3,002,090</u>
Fund Balances				
Reserved:				
Encumbrances	\$186,669	\$0	\$4,625	\$191,294
Endowments	0	0	24,200	24,200
Unreserved:				
Undesignated, Reported in:				
General Fund	1,996,725	0	0	1,996,725
Debt Service Fund	0	0	42,440	42,440
Capital Projects Funds	0	0	515,540	515,540
Permanent Funds	0	0	231,891	231,891
<i>Total Fund Balances</i>	<u>\$2,183,394</u>	<u>\$0</u>	<u>\$818,696</u>	<u>\$3,002,090</u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Doylestown Branch	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$1,810,453	\$0	\$429,121	\$2,239,574
Intergovernmental	3,111,188	0	61,622	3,172,810
Patron Fines and Fees	156,938	0	0	156,938
Contributions, Gifts and Donations	0	6,000	27,852	33,852
Earnings on Investments	44,436	5,737	8,853	59,026
Miscellaneous	600	287	2,139	3,026
<i>Total Receipts</i>	<u>5,123,615</u>	<u>12,024</u>	<u>529,587</u>	<u>5,665,226</u>
Disbursements				
Library Services:				
Public Service and Programs	2,112,056	0	0	2,112,056
Collection Development and Processing	850,913	122,935	11,290	985,138
Support Services:				
Facilities Operation and Maintenance	515,039	0	2,608	517,647
Information Services	366,132	0	0	366,132
Business Administration	561,477	4,606	6,519	572,602
Capital Outlay	23,834	725,211	51,037	800,082
Debt Service:				
Principal Retirement	0	0	230,000	230,000
Interest	0	0	233,306	233,306
<i>Total Disbursements</i>	<u>4,429,451</u>	<u>852,752</u>	<u>534,760</u>	<u>5,816,963</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	694,164	(840,728)	(5,173)	(151,737)
Other Financing Sources (Uses)				
Transfers In	0	0	205,554	205,554
Transfers Out	(144,996)	(60,558)	0	(205,554)
<i>Total Other Financing Sources (Uses)</i>	<u>(144,996)</u>	<u>(60,558)</u>	<u>205,554</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	549,168	(901,286)	200,381	(151,737)
<i>Fund Balances Beginning of Year - As restated, see Note 12</i>	<u>1,634,226</u>	<u>901,286</u>	<u>618,315</u>	<u>3,153,827</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,183,394</u></u>	<u><u>\$0</u></u>	<u><u>\$818,696</u></u>	<u><u>\$3,002,090</u></u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$1,757,300	\$1,757,300	\$1,810,453	\$53,153
Intergovernmental	2,962,782	2,962,782	3,111,188	148,406
Patron Fines and Fees	186,877	186,877	156,938	(29,939)
Earnings on Investments	25,000	25,000	44,436	19,436
Miscellaneous	53,238	53,238	600	(52,638)
<i>Total Receipts</i>	<u>4,985,197</u>	<u>4,985,197</u>	<u>5,123,615</u>	<u>138,418</u>
Disbursements				
Library Services:				
Public Service and Programs	2,576,895	2,392,494	2,212,330	180,164
Collection Development and Processing	1,158,504	1,019,712	879,593	140,119
Support Services:				
Facilities Operation and Maintenance	642,182	595,011	518,512	76,499
Information Services	406,206	414,461	378,119	36,342
Business Administration	694,609	690,489	600,120	90,369
Capital Outlay	15,300	27,455	27,446	9
<i>Total Disbursements</i>	<u>5,493,696</u>	<u>5,139,622</u>	<u>4,616,120</u>	<u>523,502</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(508,499)</u>	<u>(154,425)</u>	<u>507,495</u>	<u>661,920</u>
Other Financing Sources (Uses)				
Transfers Out	(144,996)	(144,996)	(144,996)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(144,996)</u>	<u>(144,996)</u>	<u>(144,996)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(653,495)	(299,421)	362,499	661,920
<i>Unencumbered Fund Balance Beginning of Year</i>	1,399,407	1,399,407	1,399,407	0
<i>Prior Year Encumbrances Appropriated</i>	<u>234,819</u>	<u>234,819</u>	<u>234,819</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$980,731</u>	<u>\$1,334,805</u>	<u>\$1,996,725</u>	<u>\$661,920</u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Wayne County Public Library was organized as a public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed under the laws of the State of Ohio. 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 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 Clerk-Treasurer.

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.

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 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. (Auditor of State Bulletin 2005-001 provides guidance on determining significance.) The Library has no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in note 2.C, the financial statements of the Library have been prepared on a modified 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 modified cash basis of accounting. The most significant of the Library's accounting principles 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.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

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

The *General Fund* is the library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Doylestown Branch Fund* is used to account for resources accumulated for construction of a new library in the Village of Doylestown.

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The Library's financial statements are prepared using the modified 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. 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 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 expenses and liabilities) are not recorded in these financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Budgetary Process

All funds, (except agency funds), are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with 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 Clerk. 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.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

While the Library is reporting financial position, results of operations, and changes in fund balances on the modified cash basis of accounting, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

One of the differences between the budget basis and modified cash basis is that in order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (modified cash basis).

The adjustment necessary to convert the results of operations for the year ended December 31, 2009, on the modified cash basis are as follows:

Excess of Receipts Over Disbursements and Other Financing Uses

	<u>General</u>
Modified Cash Basis	\$549,168
Encumbrances	<u>(186,669)</u>
Budget Basis	<u>\$362,499</u>

The Board must annually approve the appropriation measure and subsequent amendments. Unencumbered appropriations do not lapse at year end and therefore are not re-appropriated in the following year. Budgetary expenditures (that is, disbursements plus encumbrances) may not exceed appropriations at the fund level, which is the Library’s legal level of control.

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 “Equity in Pooled Cash and Cash Equivalents.”

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

The Library's investment in federal agency securities is reported at cost. The Library's investments in STAR Ohio (the State Treasurer's Investment Pool) and money market mutual funds are reported at the value of their shares, which approximates cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund, Doylestown Branch Fund and other governmental funds during 2009 amount to \$44,436, \$5,737, and \$8,853, respectively.

F. Net Assets/Fund Balance

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent capital projects, trusts and debt service. No restricted net assets are restricted by enabling legislation.

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

G. Capital Assets

Acquisition of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected in the accompanying financial statements as assets.

3. 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 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 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 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 may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

3. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or other obligations or securities 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code.

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

At year end, the Library had \$1,575 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits - Custodial credit risk for deposits is the risk that in the event of a 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, the carrying amount of the Library's deposits was \$1,250,565 and the bank balance was \$1,329,137. Of the bank balance, \$256,103 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. The Library does not have an investment policy addressing custodial credit risk for deposits beyond the requirements of the Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

3. DEPOSITS AND INVESTMENTS (Continued)

Investments – The Library’s investment policy is limited to complying with state statute. As of December 31, 2009, the Library had the following investments and maturities:

Investment Type	Cost Basis	Less Than	
		1 Year	1 to 3 Years
U.S. Treasury Money Market	\$56,734	\$56,734	\$0
Federal National Mortgage Association	500,000	0	500,000
Federal Farm Credit Bank	1,185,823	0	1,185,823
Star Ohio	7,393	7,393	0
Total	\$1,749,950	\$64,127	\$1,685,823

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Library’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk – Standard and Poor’s has assigned an investment rating of AAAM to Star Ohio, Aaa to the U.S. Treasury Money Market and AAA to Federal Farm Credit Bank and Federal National Mortgage Association. The Library’s investment policy does not limit exposure to credit risk.

Concentration of Credit Risk – The Library’s investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the Library at December 31, 2009:

Investment Type	Fair Value	% of Total	Cost Basis	% of Total
U.S. Treasury Money Market	\$56,734	3.2%	\$56,734	3.2%
Federal National Mortgage Association	500,780	28.5%	500,000	28.6%
Federal Farm Credit Bank	1,192,412	67.9%	1,185,823	67.8%
Star Ohio	7,393	.4%	7,393	.4%
Total	\$1,749,950	100.0%	\$1,749,950	100.0%

Custodial Credit Risk - The Library's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the Library's investments are held in the name of the Library.

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county’s prior intangibles tax of LLGSF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan (MD) – 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 member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan (CO) – 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.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0%, 10.0% and 9.5% for 2009, 2008, and 2007, respectively, for the Library.

The employer contribution rates were 14.0%, 14.0%, and 13.85% of covered payroll for 2009, 2008, and 2007, respectively, for the Library.

The Library's contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$280,299, \$344,062, and \$343,837, respectively, which were equal to the required contributions for those years.

6. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – 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 TP and the CO 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 No. 45.

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. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 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-retirement 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's contributions are expressed as a percentage of the covered payroll of active members. In 2009, the District contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll. 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 Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contributions allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, these percentages were 7.0%. For 2007, these percentages were 5.0% from January 1 through June and 6.0% from July through December. 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.

- C. The employer contributions that were used to fund post-employment benefits were \$117,634 for 2009, \$172,031 for 2008, and \$124,850 for 2007.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

6. POSTEMPLOYMENT BENEFITS (Continued)

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

7. DEBT

In 2006 the Library issued Library Improvement Bonds in the amount of \$6,000,000 for the construction of a new Library. As of December 31, 2009, principal outstanding was \$5,240,000.

A summary of bond transactions for the year ended December 31, 2009 follows:

	Interest Rate	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Due Within One Year
Governmental Activities:						
Library Improvement Bond 2006 Issue	4.379%	\$5,470,000	\$0	\$230,000	\$5,240,000	\$240,000

The annual requirement to amortize debt outstanding as of December 31, 2009 is as follows:

2006 Library Improvement Bonds			
Year Ending December 31	Principal	Interest	Total
2010	\$240,000	\$224,106	\$464,106
2011	250,000	214,506	464,506
2012	255,000	205,444	460,444
2013	270,000	195,244	465,244
2014	280,000	184,444	464,444
2015-2019	1,570,000	745,214	2,315,214
2020-2024	1,935,000	382,601	2,317,601
2025	440,000	20,900	460,900
Total	<u>\$5,240,000</u>	<u>\$2,172,459</u>	<u>\$7,412,459</u>

8. LEASE OBLIGATIONS

The Library has entered into the following operating lease agreements:

Real Estate – The Library leases real estate located on East Buckeye Street in West Salem for a total cost of \$200 a month. The lease is on a month to month basis.

Copier Leases – The Library leases 10 copiers for a total cost of \$9,960 for the year. The lease expires on May 25, 2012. The Library also leases a copier for the Operations Center for a total cost of \$8,351. The lease expires in August of 2014.

Postage Meter – The Library leases a postage meter for a total cost of \$239 for the year.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

9. 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 2009, the Library contracted with several companies for various types of insurance coverage as follows:

Coverage	Limit
Commercial Property:	
Building	\$17,493,650
Personal Property	1,936,429
Automobile Liability:	
Physical Damage	50,000
Bodily Injury (each occurrence)	1,000,000
Bodily Injury (aggregate)	2,000,000
Public Officials Liability	2,000,000
Floater Policy	2,088,600
Electric Data Processing Equipment	907,014

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

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

10. INTERFUND TRANSFERS

The Library uses interfund transfers to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

Interfund transfers during 2009 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$0	\$144,996
Doylestown Branch	0	60,558
Nonmajor Capital Project Funds:	0	0
Building and Repair	105,554	0
Vehicle Replacement	50,000	0
Technology	50,000	0
Totals	\$205,554	\$205,554

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

11. EMPLOYEE BENEFITS

A. Deferred Compensation Plan

Employees of the Library may elect to participate in the Ohio Public Employees deferred compensation plan. Under this program, employees elect to defer a portion of their pay. The deferred pay and any income earned on it are not subject to federal and state income taxation until actually received by the employee. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

B. Compensated Absences

For regular full-time employees, vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation leave on a biweekly basis and allows the unused balance to be accumulated at levels which depend upon years of service. Library employees are paid for earned, unused vacation leave at the time of termination of employment.

Regular full-time employees are entitled to ten (10) hours of sick leave for each completed month of service. Unused sick leave may be accumulated without limit and carried over from year to year. Any retiring employee, who has worked for the Library for at least five (5) years, may be paid for unused sick leave in the amount of 25 percent of accrued sick leave not to exceed 240 hours. To receive payment, the employee's retirement must be authorized by OPERS.

12. RESTATEMENT OF BEGINNING BALANCES/CHANGE IN ACCOUNTING PRINCIPLES

The Library has elected to report investment balances at cost, rather than at fair value. In prior years, the Library had reported investment balances at fair value. These restatements had the following effect on beginning net assets/fund balances:

	General	Doylestown Branch	Other Governmental Funds	Total Governmental Funds	Governmental Activities
Ending Balance December 31, 2008	\$1,612,711	\$889,724	\$614,013	\$3,116,448	\$3,116,448
Restatement Amount	21,515	11,562	4,302	37,379	37,379
Ending Balance December 31, 2008 – As Restated	<u>\$1,634,226</u>	<u>\$901,286</u>	<u>\$618,315</u>	<u>\$3,153,827</u>	<u>\$3,153,827</u>



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

Members of the Board
Wayne County Public Library
304 North Market Street
Wooster, Ohio 44691

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Wayne County Public Library, Wayne County (the Library), as of and for the year ended December 31, 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 30, 2010. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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


Members of the Board

Wayne County Public Library

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

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2010



Mary Taylor, CPA
Auditor of State

WAYNE COUNTY PUBLIC LIBRARY

WAYNE 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
SEPTEMBER 21, 2010