

Dave Yost • Auditor of State



**WAYNE COUNTY PUBLIC LIBRARY  
WAYNE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Wayne County Public Library  
Wayne County  
304 N. Market Street  
Wooster, Ohio 44691

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Public Library, Wayne County, Ohio (the Library), as of and for the year ended December 31, 2014, 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 modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Public Library, Wayne County, Ohio, as of December 31, 2014, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the year 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 modified 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 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 July 17, 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

July 17, 2015

**Wayne County Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*(Unaudited)*

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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, 2014.

**FINANCIAL HIGHLIGHTS**

- The Library's total net position increased \$57,796 or 1.4%.
- As of the close of the most recent fiscal year, the fund balance in the Library's general fund was \$2.46 million, a decrease of \$325,415 or -11.7%, 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 position-modified cash basis 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 position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities-modified cash basis presents information showing how the government's net position 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 18 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 the Building and Repair Fund. These funds are the Library's major funds. Data from the other 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, 2014*  
*(Unaudited)*

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**THE LIBRARY AS A WHOLE**

Table 1 provides a summary of the Library's net position for 2014 compared to 2013 on the modified cash basis:

Table 1  
Net Position

	<u>2014</u>	<u>2013</u>
Assets	<u>\$4,207,952</u>	<u>\$4,150,156</u>
Total Assets	<u>\$4,207,952</u>	<u>\$4,150,156</u>
Net Position		
Restricted	\$221,153	\$172,830
Unrestricted	<u>3,986,799</u>	<u>3,977,326</u>
Total Net Position	<u>\$4,207,952</u>	<u>\$4,150,156</u>

Cash balances increased between years due to receipts exceeding disbursements during 2014. 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, 2014*  
*(Unaudited)*

Table 2 shows the changes in net position for the year ended December 31, 2014 as compared to 2013.

Table 2  
Changes in Net Position

	2014	2013
<b>Receipts:</b>		
Program Cash Receipts		
Charges for Services and Sales	\$137,042	\$153,805
Operating Grants and Contributions	45	0
Total Program Cash Receipts	<u>137,087</u>	<u>153,805</u>
General Receipts		
Taxes	2,223,352	2,193,609
Unrestricted Gifts and Contributions	30,219	31,548
Unrestricted Grants and Entitlements	3,031,588	3,047,530
Premium on Refunding Bonds Issued	433,359	0
Refunding Bonds Issued	3,355,000	0
Sale of Assets	462	0
Interest	17,891	12,354
Other Receipts	71,586	60,877
Total General Receipts	<u>9,163,457</u>	<u>5,345,918</u>
Total Receipts	<u>9,300,544</u>	<u>5,499,723</u>
<b>Disbursements:</b>		
Program Disbursements:		
Public Service and Programs	2,098,455	2,160,773
Collection Development and Processing	1,170,349	1,116,524
Facilities Operation and Maintenance	670,608	694,060
Information Services	421,308	374,723
Business Administration	569,900	560,458
Capital Outlay	78,514	328,422
Debt Service:		
Principal Retirement	330,000	270,000
Interest	115,255	195,244
Debt Issuance Costs	81,481	0
Payment to Refunding Bond Escrow Agent	3,706,878	0
Total Disbursements	<u>9,242,748</u>	<u>5,700,204</u>
Changes in Net Position	57,796	(200,481)
Net Position, Beginning of Year	<u>4,150,156</u>	<u>4,350,637</u>
Net Position, End of Year	<u>\$4,207,952</u>	<u>\$4,150,156</u>

Total receipts increased \$3,800,821. This increase was due mainly to the refunding of the Library Bonds and the premium associated with this issuance. The increase was also related to an increase in tax, interest, and miscellaneous receipts which was partially offset by a decrease in charges for services and sales and unrestricted grants and entitlements. Tax receipts increased as a result of an increase in tax revenue received from the County. Interest receipts increased due to an increase in the balance of the cash accounts and other receipts increased due to a receipt from a local business for a cancelled tax abatement, the receipt of a rebate from a new copier lease, and a refund from the Ohio Bureau of Workers Compensation. The decrease in charges for services and sales is due to a decrease in the amount of fines and fees paid by customers related to the increased use of e-readers and the elimination of rented books from the e-readers when the books are due to be returned. Unrestricted grants and entitlements decreased due to the decreased revenue received from the state in 2014.

**Wayne County Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*(Unaudited)*

Total disbursements increased \$3,542,544. This increase was due mainly to the refunding of the Library Bonds as mentioned above. This increase was also due to an increase in collection development and processing, information services, and principal retirement which was partially offset by a decrease in public service and programs, capital outlay, and interest disbursements. Collection development and processing disbursements increased due to the Library employees working to increase the material selection by purchasing books, DVDs, and audio books. The increase to information services was related to the design of the Library's new website and an increase in the cost of software support. Principal retirement disbursements increased due to the retirement of the Library Improvement Bonds and the Library Improvement Refunding Bonds while interest disbursements decreased as a result of the refunding of the bonds. The public service and programs disbursements decreased due to an increase in turnover in the collection department. This caused a decrease in disbursements related to salaries, benefits, and training. Capital outlay decreased as a result of the replacement of equipment in 2013 that did not occur in 2014.

General receipts comprise 99% of the Library's receipts with the refunding bonds issued, property taxes and unrestricted state entitlements being the primary contributors. Public service and programs, collection development and processing, facilities operation and maintenance, and payment to refunding bond escrow are the major activities of the Library, accounting for 23%, 13%, 7%, and 40% of total disbursements, respectively. Principal retirement, interest on the bonds, and debt issuance costs accounted for 6% of the total expenses for 2014.

**Total Versus Net Cost of Services**

The statement of activities-modified cash basis 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

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Disbursements				
Library Services				
Public Service and Programs	\$2,098,455	\$1,961,413	\$2,160,773	\$2,006,968
Collection Development and Processing	1,170,349	1,170,349	1,116,524	1,116,524
Support Services				
Facilities Operation and Maintenance	670,608	670,608	694,060	694,060
Information Services	421,308	421,308	374,723	374,723
Business Administration	569,900	569,900	560,458	560,458
Capital Outlay	78,514	78,469	328,422	328,422
Debt Service				
Principal Retirement	330,000	330,000	270,000	270,000
Interest	115,255	115,255	195,244	195,244
Debt Issuance Costs	81,481	81,481	-	-
Payment to Refunding Bond Escrow Agent	3,706,878	3,706,878	-	-
Total Disbursements	<u>\$9,242,748</u>	<u>\$9,105,661</u>	<u>\$5,700,204</u>	<u>\$5,546,399</u>

The Library's reliance on general receipts is indicated by the net cost of services column reflecting the need for \$9.1 million of support as well as Table 2 on the preceding page demonstrating that general receipts comprise 98.5% of the Library's total receipts.

**Wayne County Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*(Unaudited)*

**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 \$4.21 million, an increase of \$57,796 in comparison with the prior year. Approximately 47% of this amount (\$1.98 million) constitutes unassigned fund balance, which is available for spending at the Library's discretion. The remainder of fund balance is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending.

The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013.

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$2,460,116	\$2,785,531	(\$325,415)
Building and Repair	1,023,056	746,922	276,134
Other Governmental	724,780	617,703	107,077
Total	<u>\$4,207,952</u>	<u>\$4,150,156</u>	<u>\$57,796</u>

The General Fund is the chief operating fund of the Library. At the end of the current year, unassigned fund balance of the General Fund was \$1.98 million, while total fund balance reached \$2.46 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 40% of total general fund disbursements, while total fund balance represents 50% of that same amount.

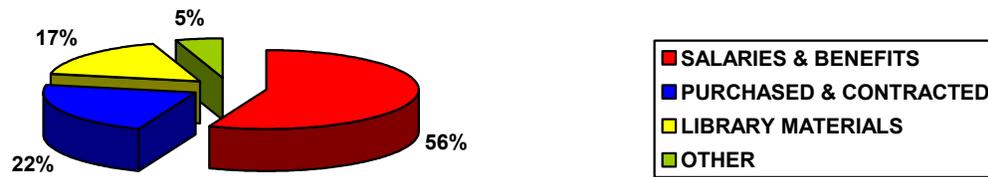
The tables and graphs that follow assist in illustrating the financial activities and corresponding increase in fund balance of the Library's General Fund.

**General Fund Receipts Comparative Analysis**

	2014 Amount	2013 Amount	Percentage Change
Revenues:			
General Taxes	\$1,784,201	\$1,759,980	(1.4%)
Intergovernmental	2,970,329	2,987,248	(-0.6%)
Other	246,122	247,021	(-0.4%)
Total	<u>\$5,000,652</u>	<u>\$4,994,249</u>	(0.1%)

As the graph on the following page 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, 2014*  
*(Unaudited)*



Expenditures by Object:	2014 Amount	2013 Amount	Dollar Change	Percent Change
Salaries & Benefits	\$2,753,271	\$2,776,919	(\$23,648)	-0.85%
Purchased Services	1,080,158	1,056,629	23,529	2.23%
Library Materials	862,125	827,770	34,355	4.15%
Other	230,513	247,699	(17,186)	-6.94%
<b>Total</b>	<b>\$4,926,067</b>	<b>\$4,909,017</b>	<b>\$17,050</b>	<b>0.35%</b>

**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 estimated receipts exceeded actual receipts by \$43,515, or 1%, and the final amended appropriation measure exceeded actual budgetary expenditures by \$392,754, or 7%. Appropriations were higher than actual disbursements due to conservative budgeting by the Library.

**DEBT**

On November 8, 2005, the voters of Wayne County approved the issuance of bonds 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. In 2014, \$3,355,000 of these bonds were refunded. At December 31, 2014, the balance of total debt outstanding was \$3,895,000. Additional information regarding debt is reported in Note 7 to the basic financial statements.

**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 Position - Modified Cash Basis*  
*December 31, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,899,603
Investments	<u>1,308,349</u>
<i>Total Assets</i>	<u><u>\$4,207,952</u></u>
<b>Net Position</b>	
Restricted for:	
Permanent Fund:	
Non-expendable	\$24,200
Expendable	12,580
Debt Service	183,769
Other Purposes	604
Unrestricted	<u>3,986,799</u>
<i>Total Net Position</i>	<u><u>\$4,207,952</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, 2014*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs	\$2,098,455	\$137,042	\$0	(\$1,961,413)
Collection Development and Processing	1,170,349	0	0	(1,170,349)
Support Services:				
Facilities Operation and Maintenance	670,608	0	0	(670,608)
Information Services	421,308	0	0	(421,308)
Business Administration	569,900	0	0	(569,900)
Capital Outlay	78,514	0	45	(78,469)
Debt Service:				
Principal Retirement	330,000	0	0	(330,000)
Interest	115,255	0	0	(115,255)
Debt Issuance Costs	81,481	0	0	(81,481)
Payment to Refunding Bond Escrow Agent	3,706,878	0	0	(3,706,878)
<i>Total Governmental Activities</i>	<u>\$9,242,748</u>	<u>\$137,042</u>	<u>\$45</u>	<u>(9,105,661)</u>
<b>General Receipts</b>				
Property Taxes Levied for General Purposes				1,784,201
Property Taxes Levied for Library Construction				439,151
Unrestricted Gifts and Contributions				30,219
Grants and Entitlements not Restricted to Specific Programs				3,031,588
Sale of Assets				462
Interest				17,891
Miscellaneous				71,586
Premium on Refunding Bonds Issued				433,359
Refunding Bonds Issued				3,355,000
<i>Total General Receipts</i>				<u>9,163,457</u>
Change in Net Position				57,796
<i>Net Position Beginning of Year</i>				<u>4,150,156</u>
<i>Net Position End of Year</i>				<u><u>\$4,207,952</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, 2014

	<u>General</u>	<u>Building and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,754,630	\$692,351	\$452,622	\$2,899,603
Investments	705,486	330,705	272,158	1,308,349
<i>Total Assets</i>	<u>\$2,460,116</u>	<u>\$1,023,056</u>	<u>\$724,780</u>	<u>\$4,207,952</u>
<b>Fund Balances</b>				
Nonspendable	\$0	\$0	\$24,200	\$24,200
Restricted	0	0	196,953	196,953
Committed	244,487	1,023,056	503,627	1,771,170
Assigned	237,466	0	0	237,466
Unassigned	1,978,163	0	0	1,978,163
<i>Total Fund Balances</i>	<u>\$2,460,116</u>	<u>\$1,023,056</u>	<u>\$724,780</u>	<u>\$4,207,952</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, 2014*

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$1,784,201	\$0	\$439,151	\$2,223,352
Intergovernmental	2,970,329	0	61,259	3,031,588
Patron Fines and Fees	137,042	0	0	137,042
Contributions, Gifts and Donations	30,219	20	25	30,264
Earnings on Investments	13,765	1,711	2,415	17,891
Miscellaneous	65,096	0	6,490	71,586
<i>Total Receipts</i>	<u>5,000,652</u>	<u>1,731</u>	<u>509,340</u>	<u>5,511,723</u>
<b>Disbursements</b>				
Library Services:				
Public Service and Programs	2,098,037	0	418	2,098,455
Collection Development and Processing	1,134,067	28,345	7,937	1,170,349
Support Services:				
Facilities Operation and Maintenance	670,608	0	0	670,608
Information Services	421,308	0	0	421,308
Business Administration	568,743	800	357	569,900
Capital Outlay	33,304	21,452	23,758	78,514
Debt Service:				
Principal Retirement	0	0	330,000	330,000
Interest	0	0	115,255	115,255
Debt Issuance Costs	0	0	81,481	81,481
<i>Total Disbursements</i>	<u>4,926,067</u>	<u>50,597</u>	<u>559,206</u>	<u>5,535,870</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	74,585	(48,866)	(49,866)	(24,147)
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	325,000	75,000	400,000
Transfers Out	(400,000)	0	0	(400,000)
Payment to Refunding Bond Escrow Agent	0	0	(3,706,878)	(3,706,878)
Premium on Refunding Bonds Issued	0	0	433,359	433,359
Refunding Bonds Issued	0	0	3,355,000	3,355,000
Sale of Assets	0	0	462	462
<i>Total Other Financing Sources (Uses)</i>	<u>(400,000)</u>	<u>325,000</u>	<u>156,943</u>	<u>81,943</u>
<i>Net Change in Fund Balances</i>	(325,415)	276,134	107,077	57,796
<i>Fund Balances Beginning of Year</i>	<u>2,785,531</u>	<u>746,922</u>	<u>617,703</u>	<u>4,150,156</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,460,116</u></u>	<u><u>\$1,023,056</u></u>	<u><u>\$724,780</u></u>	<u><u>\$4,207,952</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$1,838,060	\$1,838,060	\$1,784,201	(\$53,859)
Intergovernmental	2,932,958	2,932,958	2,970,329	37,371
Patron Fines and Fees	175,443	175,443	137,042	(38,401)
Contributions, Gifts and Donations	10,000	10,000	1,000	(9,000)
Earnings on Investments	20,000	20,000	12,659	(7,341)
Miscellaneous	37,381	37,381	65,096	27,715
<i>Total Receipts</i>	<u>5,013,842</u>	<u>5,013,842</u>	<u>4,970,327</u>	<u>(43,515)</u>
<b>Disbursements</b>				
Library Services:				
Public Service and Programs	2,152,677	2,209,784	2,204,692	5,092
Collection Development and Processing	1,180,174	1,305,312	1,175,084	130,228
Support Services:	0			
Facilities Operation and Maintenance	767,872	819,428	678,035	141,393
Information Services	458,385	499,019	426,562	72,457
Business Administration	736,432	663,113	611,282	51,831
Capital Outlay	23,500	46,163	54,410	(8,247)
<i>Total Disbursements</i>	<u>5,319,040</u>	<u>5,542,819</u>	<u>5,150,065</u>	<u>392,754</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(305,198)</u>	<u>(528,977)</u>	<u>(179,738)</u>	<u>349,239</u>
<b>Other Financing Uses</b>				
Transfers Out	(400,000)	(400,000)	(400,000)	0
<i>Total Other Financing Uses</i>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(705,198)</u>	<u>(928,977)</u>	<u>(579,738)</u>	<u>349,239</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	2,299,385	2,299,385	2,299,385	0
<i>Prior Year Encumbrances Appropriated</i>	<u>187,949</u>	<u>187,949</u>	<u>187,949</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,782,136</u>	<u>\$1,558,357</u>	<u>\$1,907,596</u>	<u>\$349,239</u>

See accompanying notes to the basic financial statements.

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**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**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 Fiscal Officer.

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. 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 position-modified cash basis and a statement of activities-modified cash basis, and fund financial statements, which provide a more detailed level of financial information.

***Government-wide Financial Statements***

The statement of net position-modified cash basis and the statement of activities-modified cash basis 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation (Continued)**

***Government-wide Financial Statements (Continued)***

The statement of net position-modified cash basis presents the cash balance of the governmental activities of the Library at year end. The statement of activities-modified cash basis 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 not accounted for and reported in another fund.

The *Building and Repair Fund* is used to account for resources and expenditures for the repair of Library buildings. The main source of revenue for the current year was transfers from the General Fund.

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

**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.

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 restriction, commitment or assignment of fund balance for governmental funds (modified cash basis).

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

The adjustment necessary to convert the results of operations for the year ended December 31, 2014, on the modified cash basis are as follows:

Net Change in Fund Balance	
	<u>General</u>
Modified Cash Basis	(\$325,415)
Perspective Difference:	
Activity of Funds Reclassified for	
Cash Reporting Purposes	(16,857)
Encumbrances	<u>(237,466)</u>
Budget Basis	<u>(\$579,738)</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.

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, the Building and Repair Fund and other governmental funds during 2014 amount to \$13,765, \$1,711, and \$2,415, respectively.

**F. Net Position**

Net position represents the difference between assets and liabilities. However, under the modified cash basis of accounting no liabilities are recorded. Therefore, Equity in Pooled Cash and Cash Equivalents plus Investments equal Net Position. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes reflects balances in funds that account for grant monies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### F. Net Position (Continued)

The Library applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

No restricted net position is restricted by enabling legislation.

### G. 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 classification includes amounts that cannot be spent because they are not in the spendable form, or 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.

***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 a formal action (resolution) of the Library Board. Those committed amounts cannot be used for any other purpose unless the Library Board removes or changes 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 policies of the Library Board.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

### H. 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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **I. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

### **J. Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### **K. Long-Term Obligations**

The Library's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Premiums on issuance of debt are recorded as receipts when received and debt issuance costs are recorded as disbursements when paid. Gains or losses on advance refunding of debt is not recorded under the modified cash basis of accounting.

## **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;
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;

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**3. DEPOSITS AND INVESTMENTS (Continued)**

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. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than two hundred seventy days after purchase; and
9. Bankers' acceptance for a period not to exceed one hundred and eighty days and in an amount not to exceed ten percent of the Library's total average portfolio.

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 \$1,625 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 \$2,897,978 and the bank balance was \$2,990,339. Of the bank balance, \$2,301,058 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, 2014*

**3. DEPOSITS AND INVESTMENTS (Continued)**

Investments – The Library’s investment policy is limited to complying with state statute. As of December 31, 2014, the Library had the following investments and maturities:

Investment Type	Cost Basis	Less Than	
		1 Year	1 to 2 Years
Federal Home Loan Bank	\$800,558	\$0	\$800,558
Federated Treasury Obligations MMF	1,009	1,009	0
First American Prime Obligations MMF	6,782	6,782	0
Federal Home Loan Mortgage Corporation	500,000	0	500,000
Total	\$1,308,349	\$7,791	\$1,300,558

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 and Moody’s has assigned an investment rating of AAA and AA+ to both the Federal Home Loan Bank and the Federal Home Loan Mortgage Association investments, respectively. 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, 2014:

Investment Type	Fair Value	% of Total	Cost Basis	% of Total
Federal Home Loan Bank	\$799,216	61.20%	\$800,558	61.18%
Federated Treasury Obligations MMF	1,009	0.08%	1,009	0.08%
First American Prime Obligations MMF	6,782	0.52%	6,782	0.52%
Federal Home Loan Mortgage Corporation	498,840	38.20%	500,000	38.22%
Total	\$1,305,847	100.0%	\$1,308,349	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 Public Library Fund (PLF). The PLF is allocated to each county based on the county’s prior intangibles tax of PLF 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 of 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.

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

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

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 – a cost-sharing multiple-employer defined benefit pension plan.
  - 2) The Member-Directed Plan – 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 – 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.
- B. 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.
- 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan.

The member contribution rates for 2014, 2013, and 2012 were 10.0%, 10.0%, and 10.0%, respectively, for members in state and local classifications.

The employer contribution rates were 14.0%, 14.0%, and 14.0%, respectively, for state and local employers for the years ended December 31, 2014, 2013, and 2012 for the Library.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**5. DEFINED BENEFIT PENSION PLAN (Continued)**

The Library's contributions to OPERS for the years ended December 31, 2014, 2013, and 2012 were \$295,591, \$295,204, and \$294,980, 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 – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in 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>, writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or 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.

Employer's contributions are expressed as a percentage of the earnable salary of active members. In 2014, the Library contributed at 14.0% of earnable salary for local government employer units. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**6. POSTEMPLOYMENT BENEFITS (Continued)**

OPERS' Post-employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% during calendar year 2014. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% 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 provided. 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 \$42,210 for 2014, \$21,078 for 2013, and \$84,275 for 2012.
- D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

**7. DEBT**

In 2006 the Library issued Library Improvement Bonds in the amount of \$6,000,000 for the construction of a new Library. During 2014, \$3,355,000 of these Bonds were refunded.

On November 6, 2014, the District issued \$3,355,000 of Library Improvement Refunding Bonds for the purpose of advance refunding a portion (\$3,355,000) of the Wayne County Public Library Improvement Bonds-Series 2006. The bonds were issued for an eleven year period with final maturity at December 1, 2025 and will be retired from the Debt Service Fund. This resulted in an aggregate difference in debt service payments of \$201,952 and a present value cash flow savings of \$179,811.

Included in the \$3,355,000 2014 Library Improvement Refunding Bonds issued was \$30,000 in capital appreciation bonds. These bonds will accrete to a maturity amount of \$370,000 due on December 1, 2017. In 2014, the accretion on the bonds was \$1,740 for a total accretion and bond value of \$31,740 at fiscal year end.

The Library deposited \$3,706,878 with the refunding escrow agent to advance refund \$3,355,000 in debt. As of December 31, 2014, the refunded bonds had a balance of \$3,355,000 that is not included in the Library's outstanding debt and will be retired out of escrow on 12/1/16.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**7. DEBT (Continued)**

A summary of bond transactions for the year ended December 31, 2014 follows:

	Interest Rate	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Due Within One Year
Governmental Activities:						
Library Improvement Bond 2006 Issue	4.379%	\$4,225,000	\$-	\$3,635,000	\$590,000	\$290,000
2014 Library Improvement Refunding Bonds	2.580%	-	3,325,000	50,000	3,275,000	50,000
Capital Appreciation Bonds	50.600%	-	30,000	-	30,000	-
Total 2014 Library Improvement Bonds		-	3,355,000	50,000	3,305,000	50,000
Total Debt		<u>\$4,225,000</u>	<u>\$3,355,000</u>	<u>\$3,685,000</u>	<u>\$3,895,000</u>	<u>\$340,000</u>

The annual requirement to amortize debt outstanding as of December 31, 2014 is as follows:

2006 Library Improvement Bonds					
Year Ending December 31	Principal	Interest	Total		
2015	\$290,000	\$23,600	\$313,600		
2016	300,000	12,000	312,000		
Total	<u>\$590,000</u>	<u>\$35,600</u>	<u>\$625,600</u>		

2014 Library Improvement Refunding Bonds					
Year Ending December 31	Refunding Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2015	\$50,000	\$80,738	-	-	\$130,738
2016	55,000	80,362	-	-	135,362
2017	-	79,950	30,000	340,000	449,950
2018	365,000	79,950	-	-	444,950
2019	375,000	72,650	-	-	447,650
2020-2024	2,000,000	233,800	-	-	2,233,800
2025	430,000	12,900	-	-	442,900
Total	<u>\$3,275,000</u>	<u>\$640,350</u>	<u>\$30,000</u>	<u>340,000</u>	<u>\$4,285,350</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 \$1,075 a month. The lease shall continue until terminated upon 90 days’ notice by either party to the other party.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**8. LEASE OBLIGATIONS (Continued)**

Copier Leases – The Library leases several copiers for a total cost of \$12,999 per year. The lease expires in August of 2016. The Library also leases two copiers for the Operations Center. One for a cost of \$15,645 per year which expires in December of 2019 and another for a cost of \$7,164 per year which expires in March of 2018.

Postage Meter – The Library leases a postage meter for a total cost of \$312 for the year.

**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 2014, the Library contracted with the Cincinnati Insurance Company for various types of insurance coverage as follows:

Coverage	Limit
Commercial Property:	
Building	\$17,909,389
Personal Property	1,585,536
Automobile Liability:	
Bodily Injury (each occurrence)	1,000,000
Uninsured Motorists	1,000,000
Public Officials Liability	2,000,000
Commercial Umbrella Liability:	
Each Occurrence	1,000,000
General Aggregate	2,000,000
Employee Benefit Liability:	
Each Employee	1,000,000
Aggregate	3,000,000
Employers Liability Defense:	
Bodily Injury – Each Employee	1,000,000
Aggregate	1,000,000

Settled claims have not exceeded coverage in any of the last three years. The Library had no significant changes to its 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.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**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 2014 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$0	\$400,000
Building and Repair	325,000	0
Nonmajor Funds:		
Vehicle Replacement	50,000	0
Technology	25,000	0
Total Nonmajor Funds	75,000	0
Totals	<u>\$400,000</u>	<u>\$400,000</u>

**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.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

**12. 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 governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Building and Repair	All Other Governmental	Total Governmental Funds
<b>Nonspendable</b>				
Endowments	\$0	\$0	\$24,200	\$24,200
<b>Restricted for</b>				
Permanent Expendable	0	0	12,580	12,580
Other Purposes	0	0	604	604
Debt Services Payments	0	0	183,769	183,769
Total Restricted	<u>0</u>	<u>0</u>	<u>196,953</u>	<u>196,953</u>
<b>Committed to</b>				
Building Repair	0	1,023,056	0	1,023,056
Technology	0	0	184,126	184,126
Vehicle Replacement	0	0	265,520	265,520
Other Purposes	244,487	0	53,981	298,468
Total Committed	<u>244,487</u>	<u>1,023,056</u>	<u>503,627</u>	<u>1,771,170</u>
<b>Assigned to</b>				
Other Purposes	237,466	0	0	237,466
<b>Unassigned</b>	<u>1,978,163</u>	<u>0</u>	<u>0</u>	<u>1,978,163</u>
Total Fund Balances	<u><u>\$2,460,116</u></u>	<u><u>\$1,023,056</u></u>	<u><u>\$724,780</u></u>	<u><u>\$4,207,952</u></u>

**13. NEW ACCOUNTING PRINCIPLES**

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined; while the precise impact is not known, it is deemed likely that this pronouncement would have a material impact on governments who prepare their financial statements in accordance with accounting principles generally accepted in the United States of America. Since the Library currently reports on the modified cash basis of accounting, there is not anticipated to be any effect on the financial statements; however, there will be additional disclosure requirements. The provisions of this statement are effective for the fiscal year ending December 31, 2015, and therefore will be adopted in the next fiscal year.

**Wayne County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**14. COMMITMENTS**

The Library utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed or assigned classifications of fund balance on the balance sheet. As of December 31, 2014, the Library's significant commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Outstanding Balance</u>
General Fund	\$237,466

**15. SUBSEQUENT EVENTS**

On January 19, 2015, the board approved Resolution No. 3-2015 providing for the issuance/sale of Library Facilities notes, for a principal amount of \$1,225,000, with \$1,200,000 being used to pay costs relating to constructing, remodeling and renovating Library buildings and \$25,000 in fees. The note will have an interest rate of 2.9%.



# 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

Wayne County Public Library  
Wayne County  
304 North Market St.  
Wooster, Ohio 44691

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, each major fund, and the aggregate remaining fund information of the Wayne County Public Library, Wayne County, Ohio, (the Library) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 17, 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

July 17, 2015



# Dave Yost • 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 1, 2015**