



Dave Yost • Auditor of State

MARY L. COOK LIBRARY
WARREN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Mary L. Cook Public Library
Warren County
381 Old Stage Road
Waynesville, Ohio 45068

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Mary L Cook Public Library, Warren County, Ohio, (the Library), as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2015

Mary L. Cook Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2014 and 2013
Unaudited

This discussion and analysis of the Mary L. Cook Public Library financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2014 and December 31, 2013, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2014 are as follows:

The Library added a new office for the Fiscal Officer. Our former Fiscal Officer became our Director and kept her old office. This freed up the former Director's office for use as a public meeting room. This allows for additional quiet study space as well.

Key highlights for 2013 are as follows:

The additions to the Young Adult and Children's Rooms were completed by the Warren County Career Center students in 2013. We purchased new shelving, print materials, and furniture for the spaces.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Mary L. Cook Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2014 and 2013
Unaudited

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2014 and 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the condition of the Library's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as income taxes.

In the statement of net position and the statement of activities, the Library reports all financial activity as Governmental Activities. This activity includes all the Library's basic activities, including library services, support services, and capital outlay. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted money is being spent for the intended purpose. All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the General Fund, the Building Fund, and the Technology Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Mary L. Cook Public Library
 Management's Discussion and Analysis
 For the Year Ended December 31, 2014 and 2013
 Unaudited

The Library as a Whole

Table 1 provides a summary comparison of the Library's net assets for 2014 and 2013:

	Governmental Activities	
	2014	2013
Table 1		
Net Assets		
Assets		
Cash and Cash Equivalents	\$2,020,452	\$1,628,669
Net Assets		
Restricted for:		
Capital Projects	1,029,952	1,080,033
Unrestricted	990,500	548,636
Total Net Assets	<u>\$2,020,452</u>	<u>\$1,628,669</u>

In 2014, total assets increased by \$391,783. Increase due to 2014 monies appropriated to transfer to Building Fund, however, transfer not processed until 2015.

Mary L. Cook Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2014 and 2013
Unaudited

Table 2 reflects the changes in net assets for the years ended December 31, 2014 and December 31, 2013.

Table 2
Changes in Net Assets

	Governmental Activities	
	2014	2013
Receipts:		
Property Taxes	\$569,939	\$562,978
Unrestricted Gifts and Contributions	5,683	5,978
Grants & Entitlements not Restricted to Specific Programs	606,701	601,659
Earnings on Investments	20,522	10,412
Patron Fines & Fees	14,319	17,529
Miscellaneous	7,504	1,230
Total General Receipts	1,224,667	1,199,786
Disbursements:		
Public Services & Programs	521,028	478,273
Collection Development & Processing	118,855	101,209
Facilities Operation & Maintenance	66,634	89,706
Information Services	21,331	17,761
Business Administration	40,736	28,725
Capital Outlay	64,300	153,908
Total Disbursements	832,884	869,582
Change in Net Position	391,783	330,204
Net Position, Beginning of the Year	1,628,669	1,298,465
Net Position, End of the Year	\$2,020,452	\$1,628,669

Program receipts represent only 2 percent of total receipts for 2014 and 2013, and are primarily comprised of patron fines and fees.

The funds received from the Public Library Fund (PLF) and represent a large percentage of the Library's total receipts: 44 percent in 2014, and 45 percent in 2013. The Library's levy made up 47 percent of receipts in 2014 and 48 percent of receipts in 2013.

Disbursements represent the costs associated with activities the Library is responsible for such as public service programs, collection development and processing, facility operation and maintenance, information services and business administration.

Governmental Activities

The Statement of Activities – Cash Basis shows the cost of program services as well as the amounts paid by people who are directly charged for services and operating grants and contributions that must be used to provide specific services. Table 3 shows the total of the cost of the services and the net cost of services. The net cost of services identifies the cost of those services which is paid from the general receipts.

Mary L. Cook Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2014 and 2013
Unaudited

Table 3
Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Library and Support Services	\$832,884	\$818,865	\$869,582	\$852,053

In 2014 99% of our services are supported through general receipts. In 2013, 99% of our services were supported by general receipts. Again, the bulk of our general receipts come from Tax Levy and PLF funding. Any decrease in this funding source has a substantial impact on the services the Library can provide.

The Library's Funds

In 2014, total governmental funds had receipts of \$1,224,667 and disbursements of \$832,884.

2014 General Fund receipts were more than disbursements by \$436,127.

2014 Building Fund disbursements totaled \$57,429 for maintenance and the addition of new office space.

2014 Technology Fund disbursements totaled \$4,618.

In 2013, total governmental funds had receipts of \$1,199,786 and disbursements of \$869,582.

2013 General Fund receipts were more than disbursements by \$496,734. The Library transferred \$400,000 to the Building and Maintenance Fund at year-end.

2013 Building Fund disbursements totaled \$164,750 for maintenance, an addition to the Young Adult Room and an addition to the Children's Room.

2013 Technology Fund disbursements totaled \$7,508.

General Fund Budgeting Highlights

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure

Mary L. Cook Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2014 and 2013
Unaudited

Debt

The Library had no outstanding debt at December 31, 2014 or December 31, 2013.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Angie Woody, Clerk-Treasurer, Mary L. Cook Public Library, 381 Old Stage Road, Waynesville, Ohio 45068, or email at woodyan@marylcook.com

MARY L. COOK PUBLIC LIBRARY
WARREN COUNTY
Statement of Net Position - Cash Basis
December 31, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,020,452</u>
Total Assets	<u><u>\$2,020,452</u></u>
Net Position	
Restricted for:	
Capital Projects	\$1,029,952
Unrestricted	<u>990,500</u>
Total Net Position	<u><u>\$2,020,452</u></u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

	Program Cash Receipts		
Governmental Activities	Cash Disbursements	Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position
Current:			
Library Services:			
Public Services and Programs	\$521,028	\$14,319	(\$506,709)
Collection Development and Processing	118,855	0	(118,855)
Support Services:			
Facilities Operation and Maintenance	66,634	0	(66,634)
Information Services	21,331	0	(21,331)
Business Administration	40,736	0	(40,736)
Capital Outlay	64,300	0	(64,300)
<i>Total Governmental Activities</i>	832,884	14,319	(818,565)

General Receipts:		
Property Taxes		\$569,939
Unrestricted Gifts and Contributions		5,683
Grants and Entitlements not Restricted to Specific Programs		606,701
Earnings on Investments		20,522
Miscellaneous		7,504
<i>Total General Receipts</i>		1,210,349
<i>Change in Net Position</i>		391,783
Net Position Beginning of Year		1,628,669
<i>Net Position End of Year</i>		\$2,020,452

See accompanying notes to the basic financial statements

Statement of Assets and Fund Balances - Cash Basis Governmental Funds

December 31, 2014

	GENERAL FUND	BUILDING AND MAINTENANC	TECHNOLOGY FUND	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$990,499	\$969,325	\$60,628	\$2,020,452
<i>Total Assets</i>	<u>\$990,499</u>	<u>\$969,325</u>	<u>\$60,628</u>	<u>\$2,020,452</u>
Fund Cash Balances, December 31				
Committed	0	969,325	60,628	1,029,953
Assigned	282,988	0	0	282,988
Unassigned	707,511	0	0	707,511
<i>Fund Cash Balances, December 31</i>	<u>\$990,499</u>	<u>\$969,325</u>	<u>\$60,628</u>	<u>\$2,020,452</u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds
For the Year Ended December 31, 2014

	GENERAL FUND	BUILDING AND MAINTENANC	TECHNOLOGY FUND	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$569,939	\$0	\$0	\$569,939
Public Library	535,116	0	0	535,116
Intergovernmental	71,585	0	0	71,585
Patron Fines and Fees	13,243	0	0	13,243
Contributions, Gifts and Donations	5,683	0	0	5,683
Earnings on Investments	8,555	11,276	691	20,522
Miscellaneous	2,843	0	0	2,843
<i>Total Receipts</i>	<u>1,206,964</u>	<u>11,276</u>	<u>691</u>	<u>1,218,931</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	521,028	0	0	521,028
Collection Development and Processing	118,855	0	0	118,855
Support Services:				
Facilities Operation and Maintenance	66,634	0	0	66,634
Information Services	21,331	0	0	21,331
Business Administration	40,736	0	0	40,736
Capital Outlay	2,253	57,429	4,618	64,300
<i>Total Disbursements</i>	<u>770,837</u>	<u>57,429</u>	<u>4,618</u>	<u>832,884</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>436,127</u>	<u>(46,153)</u>	<u>(3,927)</u>	<u>386,047</u>
<i>Total Other Financing Sources (Uses)</i>	<u>5,736</u>	<u>0</u>	<u>0</u>	<u>5,736</u>
<i>Net Change in Fund Balances</i>	<u>441,863</u>	<u>(46,153)</u>	<u>(3,927)</u>	<u>391,783</u>
Fund Balances Beginning of Year	548,636	1,015,478	64,555	1,628,669
<i>Fund Balances End of Year</i>	<u>990,499</u>	<u>969,325</u>	<u>60,628</u>	<u>2,020,452</u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY

Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual -

For the Year Ended December 31,
2014

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$620,000	\$620,000	\$569,939	(\$50,061)
Public Library	551,855	535,198	535,116	(82)
Intergovernmental	0	0	71,585	71,585
Patron Fines and Fees	15,000	15,000	13,243	(1,757)
Contributions, Gifts and Donations	0	0	5,683	5,683
Earnings on Investments	1,000	1,000	8,555	7,555
Miscellaneous	2,000	2,000	2,843	843
<i>Total Receipts</i>	<u>1,189,855</u>	<u>1,173,198</u>	<u>1,206,964</u>	<u>33,766</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	547,271	561,771	521,028	40,743
Collection Development and Processing	181,750	183,775	118,855	64,920
Support Services:				
Facilities Operation and Maintenance	98,400	99,100	66,634	32,466
Information Services	30,000	30,000	21,331	8,669
Business Administration	48,200	58,150	40,736	17,414
Capital Outlay	40,000	27,000	2,253	24,747
<i>Total Disbursements</i>	<u>945,621</u>	<u>959,796</u>	<u>770,837</u>	<u>188,959</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>244,234</u>	<u>213,402</u>	<u>436,127</u>	<u>222,725</u>
Other Financing Sources (Uses)				
Other Financing Sources	0	0	5,736	5,736
Other Financing Uses	(27,000)	(12,825)	0	12,825
<i>Total Other Financing Sources (Uses)</i>	<u>(27,000)</u>	<u>(12,825)</u>	<u>5,736</u>	<u>18,561</u>
<i>Net Change in Fund Balance</i>	<u>217,234</u>	<u>217,234</u>	<u>441,863</u>	<u>241,286</u>
Unencumbered Fund Balance Beginning of Year	548,637	548,637	548,637	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Balance End of Year</i>	<u>\$766,231.30</u>	<u>\$766,231.30</u>	<u>\$990,499.71</u>	<u>\$224,268.41</u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY
Statement of Net Position - Cash Basis
 December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$1,628,669
	<u>\$1,628,669</u>
Total Assets	
Net Position	
Restricted for:	
Capital Projects	1,080,033
Unrestricted	<u>548,636</u>
	<u>\$1,628,669</u>
Total Net Position	

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2013

	<u>Program Cash Receipts</u>		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	\$478,273	\$17,529	(\$478,273)
Collection Development and Processing	101,209	0	(101,209)
Support Services:			
Facilities Operation and Maintenance	89,706	0	(89,706)
Information Services	17,761	0	(17,761)
Business Administration	28,725	0	(28,725)
Capital Outlay	153,908	0	(153,908)
<i>Total Governmental Activities</i>	<u>869,582</u>	<u>17,529</u>	<u>(852,053)</u>
 General Receipts:			
Property Taxes			562,978
Unrestricted Gifts and Contributions			5,978
Grants and Entitlements not Restricted to Spec			601,659
Earnings on Investments			10,412
Miscellaneous			1,229
<i>Total General Receipts</i>			<u>1,182,256</u>
<i>Change in Net Position</i>			330,204
Net Position Beginning of Year			<u>1,298,465</u>
<i>Net Position End of Year</i>			<u>\$1,628,669</u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds
 December 31, 2013

	GENERAL FUND	BUILDING AND MAINTENANC	TECHNOLOGY FUND	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$548,636	\$1,015,478	\$64,555	\$1,628,669
<i>Total Assets</i>	<u>548,636</u>	<u>1,015,478</u>	<u>64,555</u>	<u>1,628,669</u>
Fund Cash Balances, December 31				
Committed	0	1,015,478	64,555	1,080,033
Unassigned	548,636	0	0	548,636
<i>Fund Cash Balances, December 31</i>	<u>\$548,636</u>	<u>\$1,015,478</u>	<u>\$64,555</u>	<u>\$1,628,669</u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds
For the Year Ended December 31, 2013

	GENERAL FUND	BUILDING AND MAINTENANC	TECHNOLOGY FUND	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$562,978	\$0	\$0	\$562,978
Public Library	533,530	0	0	533,530
Intergovernmental	68,129	0	0	68,129
Patron Fines and Fees	16,194	0	0	16,194
Contributions, Gifts and Donations	5,678	300	0	5,978
Earnings on Investments	4,984	4,928	500	10,412
Miscellaneous	2,565	0	0	2,565
<i>Total Receipts</i>	<u>1,194,058</u>	<u>5,228</u>	<u>500</u>	<u>1,199,786</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	478,273	0	0	478,273
Collection Development and Processing	101,209	0	0	101,209
Support Services:				
Facilities Operation and Maintenance	67,625	22,081	0	89,706
Information Services	17,694	0	67	17,761
Business Administration	28,725	0	0	28,725
Capital Outlay	3,798	142,669	7,441	153,908
<i>Total Disbursements</i>	<u>697,324</u>	<u>164,750</u>	<u>7,508</u>	<u>869,582</u>
<i>Excess of Receipts Over (Under) Disbursement</i>	<u>496,734</u>	<u>(159,522)</u>	<u>(7,008)</u>	<u>330,204</u>
Other Financing Sources (Uses)				
Transfers In	0	400,000	0	400,000
Transfers Out	(400,000)	0	0	(400,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(400,000)</u>	<u>400,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>96,734</u>	<u>240,478</u>	<u>(7,008)</u>	<u>330,204</u>
Fund Balances Beginning of Year	451,902	775,000	71,563	1,298,465
<i>Fund Balances End of Year</i>	<u>\$548,636</u>	<u>\$1,015,478</u>	<u>\$64,555</u>	<u>\$1,628,669</u>

See accompanying notes to the basic financial statements

MARY L. COOK PUBLIC LIBRARY, WARREN COUNTY
**Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual -
 Budget Basis - General Fund**
 For the Year Ended December 31, 2013

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$609,000	\$609,000	\$562,978	(\$46,022)
Public Library	539,528	539,528	533,530	(5,998)
Intergovernmental	0	0	68,129	68,129
Patron Fines and Fees	16,000	16,000	16,194	194
Contributions, Gifts and Donations	0	0	5,678	5,678
Earnings on Investments	1,000	1,000	4,984	3,984
Miscellaneous	1,000	1,000	2,565	1,565
<i>Total Receipts</i>	<u>1,166,528</u>	<u>1,166,528</u>	<u>1,194,058</u>	<u>27,530</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	500,438	519,478	478,273	41,205
Collection Development and Processing	142,446	140,946	101,209	39,737
Support Services:				
Facilities Operation and Maintenance	77,015	82,262	67,625	14,638
Information Services	17,951	20,951	17,694	3,256
Business Administration	42,900	37,000	28,725	8,275
Capital Outlay	30,000	30,000	3,798	26,202
<i>Total Disbursements</i>	<u>810,750</u>	<u>830,637</u>	<u>697,324</u>	<u>133,313</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>355,778</u>	<u>335,891</u>	<u>496,734</u>	<u>160,843</u>
Other Financing Sources (Uses)				
Transfers Out	0	(400,000)	(400,000)	0
Other Financing Uses	(20,000)	(113)	0	113
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(400,113)</u>	<u>(400,000)</u>	<u>113</u>
<i>Net Change in Fund Balance</i>	<u>335,778</u>	<u>(64,222)</u>	<u>96,734</u>	<u>160,956</u>
Unencumbered Fund Balance Beginning of Year	447,517	447,517	447,517	0
Prior Year Encumbrances Appropriated	4,386	4,386	4,386	0
<i>Unencumbered Balance End of Year</i>	<u>787,681</u>	<u>387,681</u>	<u>548,636</u>	<u>160,956</u>

See accompanying notes to the basic financial statements

Note 1 – Description of the Library and Reporting Entity

The Mary L. Cook Public Library (the Library) was organized as a school district public library in 1917 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Ohio Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.D, the financial statements of the Mary L. Cook Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the accounting policies are described below.

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole.

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

Fund Financial Statements

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

B. Fund Balance

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

1. **Nonspendable**

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **Restricted**

Fund balance is *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.

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the

Note 2 - Summary of Significant Accounting Policies (continued)

fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

C. Fund Accounting

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

Governmental Funds

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

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

Building and Repair Fund - The building and repair fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

Technology Fund - The technology fund accounts for resources restricted to technology upgrades.

D. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

Note 2 – Summary of Significant Accounting Policies (continued)

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

E. Budgetary Process

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

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk Treasurer. 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.

F. Cash and Cash Equivalents

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

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, respectively.

During 2014, investments were limited to certificates of deposit and money market funds. Except for the money market funds, investments are recorded at cost.

The Library's money market fund investment is recorded at amounts reported by LCNB and LPL on December 31, 2014.

Note 2 – Summary of Significant Accounting Policies (continued)

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2014 amounted to \$8,555.

During 2013, investments were limited to certificates of deposit, money market funds, and STAR Ohio. Except for the money market fund and STAR Ohio, investments are recorded at cost.

The Library's money market fund investment is recorded at amounts reported by LCNB and LPL on December 31, 2013

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2013 amounted to \$4,984.

G. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted assets in 2014 or 2013.

H. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

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

J. Accumulated Leave

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

K. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Note 2 – Summary of Significant Accounting Policies (continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for purchasing internet filtering licenses; for purchase of murals, bricks, benches; and for use toward Ohioana events.

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

M. Fund Balance Reserves

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis in outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis).

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Note 4 – Deposits and Investments (continued)

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

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

At year end for both 2014 and 2013 the Library had \$150.00 in undeposited cash on hand which is included as part of Equity in Pooled Cash and Cash Equivalents on the financial statements.

Deposits

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

Investments

The following deposit/investment objectives will be applied in the management of funds of the Mary L. Cook Public Library. The deposit/investment program shall preserve capital and protect investment principle within defined parameters. The deposit/investment program shall maintain sufficient liquidity to meet reasonably anticipated fiscal operating requirements on an on-going basis throughout the fiscal cycle. The deposit/investment program shall strive to attain the best total return or yield on deposited and invested funds of the Library as is reasonable and prudently achievable within defined parameters. All attempts shall be made to minimize risks inherent in investment through diversification so as to eliminate the risk of loss resulting from an over-concentration of funds in a specific maturity, issuer, industry, geographical area, or class of securities. All attempts shall be made to minimize the costs of financial transactions related to implementing investment strategies.

Mary L. Cook Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014 and 2013

Note 4 – Deposits and Investments (continued)

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

	<u>Carrying Value</u>	<u>Maturity</u>
American Express CD	110,000	07/2019
Barclays Bank CD 1	100,000	04/2018
Barclays Bank CD 2	100,000	04/2019
Capital One CD	225,000	09/2019
Cit Bank CD	200,000	05/2017
Crossfirst Bank CD	200,000	07/2018
Discover Bank CD 1	150,000	10/2016
Discover Bank CD 3	100,000	11/2017
GE Capital CD 1	100,000	10/2015
GE Capital CD 2	150,000	10/2018
Goldman Sachs CD 2	150,000	09/2016
Goldman Sachs CD 3	7,000	07/2017
Goldman Sachs CD 4	90,000	07/2019
LCNB CD 1	112,618	03/2015
LCNB CD 2	114,735	03/2015
LCNB Money Market Fund	81,170	-
Total Investments	<u>1,990,523</u>	

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

	<u>Carrying Value</u>	<u>Maturity</u>
Cit Bank	200,000	05/2017
Discover Bank CD	150,000	09/2014
Discover Bank CD 2	100,000	11/2014
GE Capital CD 1	100,000	10/2015
GE Capital CD 2	150,000	10/2018
Goldman Sachs CD 1	50,000	06/2014
Goldman Sachs CD 2	150,000	09/2016
Goldman Sachs CD 3	7,000	07/2017
LCNB CD 1	109,838	03/2015
LCNB CD 2	111,903	03/2015
Safra National Bank CD	250,000	01/2014
JP Morgan Prime Money Market (LPL)	238	-
LCNB Money Market Fund	20,937	-
STAR Ohio	210,163	-
Total Investments	<u>1,610,079</u>	

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 4 – Deposits and Investments (continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its (CD's and Money Market) investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 - Property Taxes

Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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

The full tax rate for all Library operations for the year ended December 31, 2014, was \$0.10 per \$100.00 of assessed value. The amount of real estate taxes collected for 2014 are as follows:

Real Property	\$569,939
Total	\$569,939

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

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

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

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

The full tax rate for all Library operations for the year ended December 31, 2013, was \$0.10 per \$100.00 of assessed value. The amount of real estate taxes collected for 2013 are as follows:

Mary L. Cook Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014 and 2013

Note 5 - Property Taxes (continued)

Real Property	\$562,978
Total	<u>\$562,978</u>

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

Note 6 - Risk Management

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors & Omissions
- Fidelity and Deposit

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

Note 7 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans.

The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan.

The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2014, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2014 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Mary L. Cook Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014 and 2013

Note 7 - Defined Benefit Pension Plan (continued)

For the year ended December 31, 2013, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2013 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for all plans for the years ended December 31, 2014, 2013, and 2012 were \$ 57,020.31, \$ 53,561.84, and \$49,922.68 respectively. The full amount has been contributed for 2014, 2013 and 2012.

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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*

Mary L. Cook Public Library
Warren County
381 Old Stage Road
Waynesville, Ohio 45068

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of Mary L. Cook Public Library, Warren County, Ohio (the Library) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 22, 2015.

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness. .

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*.

Library's Response to Findings

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2015

**MARY L. COOK LIBRARY
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2014-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. The Library did not accurately apply Governmental Accounting Standards Board (GASB) Statement Number 54 when classifying December 31, 2013 and 2014 fund balances. These misclassifications are noted below:

2013 General Fund

- Ending Unassigned Fund Balance was understated by \$300,000.
- Ending Assigned Fund Balance was overstated by \$300,000.

2014 General Fund

- Ending Unassigned Fund Balance was overstated by \$253,127.
- Ending Assigned Fund Balance was understated by \$253,127.

Adjustments to correct the errors above are reflected in the financial statements and notes.

To clarify, when determining what portion of General Fund balance should be classified as "Assigned":

- If Appropriations (temporary or annual) exceed Estimated **Receipts** (not Estimated Resources) in the General Fund, the excess is assigned.
- If the Appropriations are less than the Estimated **Receipts** (not Estimated Resources), then no General Fund funds should be classified as "Assigned".

When fund balances are not accurately classified, Library officials and management do not have accurate information as to the amount of fund balances that are restricted or committed for specific purposes. We recommend that the Library develop and implement procedures to ensure accurate accounting for year-end fund balances. We also recommend that the Library review Auditor of State Bulletin 2011-004 for guidelines in classifying fund balances in accordance with GASB Statement Number 54.

Officials' Response:

The Mary L. Cook Library classified our 120-day carryover balance as an Assigned Fund Balance in our year-end reports for both 2013 and 2014. In the future, we will classify our carryover as an Unassigned Fund Balance as recommended by the Auditor of State's Office.

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Dave Yost • Auditor of State

MARY L. COOK PUBLIC LIBRARY

WARREN 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
OCTOBER 13, 2015