



Dave Yost • Auditor of State

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

North Baltimore Public Library
Wood County
230 North Main Street
North Baltimore, Ohio 45872-1132

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 North Baltimore Public Library, Wood 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, each major fund, and the aggregate remaining fund information of North Baltimore Public Library, Wood 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 and Analysis presented on pages 3 through 8 of the 2014 report and 25 through 30 of the 2013 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 28, 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 28, 2015

North Baltimore Public Library
Wood County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

This discussion and analysis of the North Baltimore Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2014, within the limitations of the Library's cash basis 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 Ohio Public Library Funds (PLF) receipts represented \$271,691, or 64% percent of the total cash received for the Library's general fund receipts during the year. The tax levy receipts represented \$117,133 or 27% of the general fund receipts. The remaining receipts are mostly program receipts, contributions, rental of the community room, and interest from investments.

The PLF remained 96% of 2013 funding which reduced the first half of 2014 while the second half remained the same as in 2014. The return to using the WoodLink formula cut the Library's share of Wood County's PLF distribution by 4.2% for the whole year. The net result was a \$12,038 reduction from 2013 PLF.

Total general fund receipts were \$23,701 less than in 2013. Decreases in gifts and contributions as well as some decreases in investment income did not help offset the PLF loss of receipts. The Library will need to continue to control the library's expenditures as the library's cash position of the General Fund only increased by \$930 in 2014.

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.

North Baltimore Public Library
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Management's Discussion and Analysis
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As a result of using the modified 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.

Reporting the Library as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2014, 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 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 non-financial factors as well such as the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations, and the need for local revenue sources such as property taxes.

In the statement of net position and the statement of activities, the Library has one type of activity:

Governmental activities: All of the Library's basic services are reported here. The State finances the majority of these activities through the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

The Library has no business-type activities where a fee is charged to customers receiving the service.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted is being spent for the intended purpose.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General and Capital Projects Bower Estate funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**North Baltimore Public Library
Wood County**
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net cash position for December 31, 2014 compared to December 31, 2013.

(Table 1)

Net Position

	Governmental Activities	
	2014	2013
Assets		
Cash and Cash Equivalents	\$423,006	\$421,271
Net Position		
Restricted for:		
Capital Projects	54,113	54,113
Permanent Fund:		
Expendable	22	17
NonExpendable	15,085	14,285
Other Purposes	298	298
Unrestricted	353,488	352,558
 Total Net Position	 \$423,006	 \$421,271

The net position of governmental activities increased \$1,735 during 2014 as total receipts were greater than total expenditures. Total receipts were \$24,501 less in 2014 than in 2013, due to a reduction in property taxes and PLF funding while total expenditures increased by \$14,234 because of an increase in personnel cost.

Table 2 reflects the changes in net position in 2014 compared to 2013.

North Baltimore Public Library
Wood County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Variance
Receipts:			
Program Receipts:			
Charges for Services	\$9,275	\$7,687	\$1,588
Operating Grants and Contributions	5	5	
Total Program Receipts	<u>9,280</u>	<u>7,692</u>	<u>1,588</u>
General Receipts:			
Public Library Fund	271,691	283,729	(12,038)
Property Taxes	117,133	126,830	(9,697)
Grants and Entitlements not Restricted	17,249	8,274	8,975
Unrestricted Gifts and Contributions	6,610	19,482	(12,872)
Investment Earnings	663	1,295	(632)
Miscellaneous	3,746	2,771	975
Total General Receipts	<u>417,092</u>	<u>442,381</u>	<u>(25,289)</u>
Contributions to a Permanent Fund	800	1,600	(800)
Total Receipts	<u>427,172</u>	<u>451,673</u>	<u>(24,501)</u>
Disbursements:			
Library Services			
Public Service and Programs	109,333	106,517	2,816
Collection Development and Processing	117,738	103,326	14,412
Support Services			
Facilities Operation and Maintenance	91,895	88,979	2,916
Information Services	1,936	500	1,436
Business Administration	100,579	103,463	(2,884)
Capital Outlay	3,956	8,418	(4,462)
Total Disbursements	<u>425,437</u>	<u>411,203</u>	<u>14,234</u>
Excess Before Loss on Investments	1,735	40,470	(38,735)
Loss on Sale of Investment		(38,875)	38,875
Increase in Net Position	<u>1,735</u>	<u>1,595</u>	<u>140</u>
Net Position Beginning of Year	421,271	419,676	1,595
Net Position End of Year	<u>\$423,006</u>	<u>\$421,271</u>	<u>\$1,735</u>

Program receipts represent 2% of total receipts and are primarily comprised of monies collected for fines, fees for copier use, and fees for community room use.

In 2014, general receipts represent 98% percent of the Library's total receipts. PLF provided 64% of the general receipts; property taxes and state reimbursements for property tax rollbacks provided 31%. Other receipts were insignificant and are somewhat unpredictable revenue sources.

Disbursements for public service programs, collection development and processing, facilities operations and maintenance, and business administration represent the major costs of running the Library. Capital Outlay includes cost of new equipment and building maintenance and improvements.

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Wood County**
Management's Discussion and Analysis
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Unaudited

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Library. The next column identifies the cost of providing these services. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2014	Net Cost of Services 2014	Total Cost Of Services 2013	Net Cost of Services 2013
General Government:				
Library Services				
Public Service & Programs	\$109,333	(\$100,053)	\$106,517	(\$98,825)
Collection Development & Processing	117,738	(117,738)	103,326	(103,326)
Support Services				
Facilities Operation & Maintenance	91,895	(91,895)	88,979	(88,979)
Information Services	1,936	(1,936)	500	(500)
Business Administration	100,579	(100,579)	103,463	(103,463)
Capital Outlay	3,956	(3,956)	8,418	(8,418)
Total Expenses	<u>\$425,437</u>	<u>(\$416,157)</u>	<u>\$411,203</u>	<u>(\$403,511)</u>

The dependence upon Public Library Fund and a property tax levy is apparent, as over 98% percent of governmental activities are supported through these general receipts.

The Library's Funds

Total governmental funds had receipts of \$427,172 and disbursements of \$425,437. The library had an excess of receipts over disbursements of \$1,735.

General Fund Budgeting Highlights

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

Final actual receipts for the General Fund were \$426,367. Actual disbursements were \$433,255. Even with the excess in revenues, with the uncertainty of the future of the PLF, the Director of the Library and the entire staff strived to be mindful of unnecessary spending

**North Baltimore Public Library
Wood County**
Management's Discussion and Analysis
For the Year Ended December 31, 2014
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Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by shrinking funding. We have relied heavily on the Public Library Fund but now have some relief provided by an operating levy. The Ohio Department of Taxation's Calendar Year 2014 Estimate of the PLF Entitlement for Wood County shows a modest increase over actual 2013 entitlement receipts.

The Director and the Board must continue to closely monitor all changes in funding and spending to avoid future deficits.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jodi L. Karhoff, Fiscal Officer, North Baltimore Public Library, 230 North Main Street, North Baltimore, Ohio 45872-1132.

North Baltimore Public Library
Wood County
Statement of Net Position - Cash Basis
December 31, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$423,006
 Net Position	
Restricted for:	
Capital Projects	\$54,113
Permanent Fund Purpose:	
Expendable	22
Nonexpendable	15,085
Other Purposes	298
Unrestricted	353,488
<i>Total Net Position</i>	\$423,006

See accompanying notes to the basic financial statements

North Baltimore Public Library
Wood County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$109,333	\$9,275	\$5	(\$100,053)
Collection Development and Processing	117,738			(117,738)
Support Services:				
Facilities Operation and Maintenance	91,895			(91,895)
Information Services	1,936			(1,936)
Business Administration	100,579			(100,579)
Capital Outlay	3,956			(3,956)
<i>Total Primary Government</i>	<u>\$425,437</u>	<u>\$9,275</u>	<u>\$5</u>	<u>(416,157)</u>
General Receipts:				
Property Taxes Levied for General Purposes				117,133
Unrestricted Gifts and Contributions				6,610
Grants/Entitlements not Restricted to Specific Programs				288,940
Earnings on Investments				663
Miscellaneous				3,746
Contributions to Permanent Fund				800
<i>Total General Receipts and Contributions to Permanent Fund</i>				<u>417,892</u>
Change in Net Position				1,735
<i>Net Position Beginning of Year</i>				<u>421,271</u>
<i>Net Position End of Year</i>				<u><u>\$423,006</u></u>

See accompanying notes to the basic financial statements

North Baltimore Public Library
Wood County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2014

	General	Bower Estate	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$353,488	\$53,777	\$15,741	\$423,006
Fund Balances				
Nonspendable			\$15,085	\$15,085
Restricted		\$53,777	603	54,380
Committed			53	53
Assigned	\$63,123			63,123
Unassigned	290,365			290,365
<i>Total Fund Balances</i>	<u>\$353,488</u>	<u>\$53,777</u>	<u>\$15,741</u>	<u>\$423,006</u>

See accompanying notes to the basic financial statements

**North Baltimore Public Library
Wood County**

*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds*

For the Year Ended December 31, 2014

	General	Bower Estate	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$117,133			\$117,133
Public Library	271,691			271,691
Intergovernmental	17,249			17,249
Patron Fines and Fees	6,900			6,900
Contributions, Gifts and Donations	8,014		\$800	8,814
Earnings on Investments	663		5	668
Miscellaneous	4,717			4,717
<i>Total Receipts</i>	<u>426,367</u>		<u>805</u>	<u>427,172</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	109,333			109,333
Collection Development and Processing	117,738			117,738
Support Services:				
Facilities Operation and Maintenance	91,895			91,895
Information Services	1,936			1,936
Business Administration	100,579			100,579
Capital Outlay	3,956			3,956
<i>Total Disbursements</i>	<u>425,437</u>			<u>425,437</u>
<i>Net Change in Fund Balances</i>	930		805	1,735
<i>Fund Balances Beginning of Year</i>	<u>352,558</u>	<u>\$53,777</u>	<u>14,936</u>	<u>421,271</u>
<i>Fund Balances End of Year</i>	<u>\$353,488</u>	<u>\$53,777</u>	<u>\$15,741</u>	<u>\$423,006</u>

See accompanying notes to the basic financial statements

North Baltimore Public Library
Wood County
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 Over (Under)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$136,925	\$136,925	\$117,133	(\$19,792)
Public Library	279,596	279,596	271,691	(7,905)
Intergovernmental	14,599	14,599	17,249	2,650
Patron Fines and Fees			6,900	6,900
Contributions, Gifts and Donations			8,014	8,014
Earnings on Investments			663	663
Miscellaneous			4,717	4,717
<i>Total Receipts</i>	431,120	431,120	426,367	(4,753)
Disbursements				
Current:				
Library Services:				
Public Services and Programs	120,550	122,276	111,366	10,910
Collection Development and Processing	121,875	131,280	119,770	11,510
Support Services:				
Facilities Operation and Maintenance	93,765	102,815	91,931	10,884
Information Services	3,500	3,502	1,936	1,566
Business Administration	109,735	112,514	102,696	9,818
Capital Outlay	10,000	10,675	3,956	6,719
<i>Total Disbursements</i>	459,425	483,062	431,655	51,407
<i>Excess of Disbursements Over Receipts</i>	(28,305)	(51,942)	(5,288)	46,654
Other Financing Uses				
Transfers Out		(1,600)		1,600
Other Financing Uses	(7,500)	(5,663)		5,663
<i>Total Other Financing Uses</i>	(7,500)	(7,263)		7,263
<i>Net Change in Fund Balance</i>	(35,805)	(59,205)	(5,288)	53,917
<i>Unencumbered Fund Balance Beginning of Year</i>	352,558	352,558	352,558	
Prior Year Encumbrances Appropriated				
<i>Unencumbered Fund Balance End of Year</i>	\$316,753	\$293,353	\$347,270	\$53,917

See accompanying notes to the basic financial statements

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**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The North Baltimore Public Library, Wood County, Ohio (the Library) was organized as a school district public library in 1919 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the North Baltimore Local School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

The Friends of the North Baltimore Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

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

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

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

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

Capital Projects Bower Estate Fund - The Bower Estate fund accounts for proceeds of the sale of a gift of stock it received in 2000 and sold in 2013. Proceeds from the sale of the stock are restricted for a major building project or alterations to the present building. Income from the fund can be used as the Board sees fit.

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

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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.

During 2014, investments were limited to STAR Ohio and nonnegotiable certificates of deposit. The certificates of deposit are recorded at cost.

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2014 amounted to \$663. Interest receipts credited to the Wolfe Family Endowment amounted to \$5.

Restricted Assets

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

Inventory and Prepaid Items

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

Capital Assets

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

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 spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9 the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net cash position restricted for other purposes includes amounts restricted for community education.

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

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 is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$6,218 for the General Fund.

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

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 Library has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

At year end, the Library had \$110 in undeposited cash on hand which is included as part of “Cash” or “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

At year end, the carrying amount of the Library’s deposits was \$321,524 and the bank balance was \$321,524. The bank balance was covered by federal depository insurance.

Investments

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

	<u>Fair Value</u>
STAR Ohio	\$86,275
STAR Ohio- Wolfe	<u>15,097</u>
Total Investments	<u>\$101,372</u>

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less and states that an investment must be purchased with the expectation that it will be held to maturity. Interim certificates of deposit must mature within one year and inactive certificates of deposit must mature no later than the expiration date of the depository agreement.

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

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Library. 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, 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. 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.

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.

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)

NOTE 5 - PROPERTY TAXES (Continued)

The full tax rate for all Library operations for the year ended December 31, 2014, was \$1.95 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$65,930,525
Public Utility Personal Property	<u>5,350,020</u>
 Total	 <u><u>\$71,280,545</u></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 – PUBLIC LIBRARY FUND

A major source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). The PLF is allocated to each county based on the county’s prior intangible tax revenues and its population. The County Budget Commission allocates these funds to the Library based on its census of population for which the library services. The Budget Commission cannot reduce its allocation of these funds based on any additional revenues the Library receives.

NOTE 7 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Motorist Mutual Insurance Company	Property	\$3,135,160
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$2,000,000
France & Associates	Employee Dishonesty	\$100,000
CNA/Western Surety	Public Officials Bond	\$5,000

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN

The Library participated in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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.

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.

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

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377

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

The Library's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2 percent during calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent during calendar year 2014. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$55,319, \$50,964, and \$48,696, respectively the full amount has been contributed for 2014, 2013 and 2012.

NOTE 9 - POSTEMPLOYMENT BENEFITS

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for which includes a medical plan, prescription drug program and a Medicare Part B premium reimbursement to qualifying members in 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.

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan 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>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement care coverage 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 contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB.

OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with the 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 benefits. The portion of the employer contributions allocated to health care for members in the Traditional Plan was 2.0 % during calendar year 2014 Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retirees or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary on the number of covered dependents and the coverage selected.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014 2013, and 2012 were \$4,608, \$2,123, and \$1,987, the full amount has been contributed for 2014, 2013 and 2012.

NOTE 10 – FUND BALANCES

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014
(continued)*

NOTE 10 – FUND BALANCES (Continued)

Fund Balances	General	Bower Fund	Other Governmental Funds	Total
Nonspendable				
Permanent Trust			\$15,085	\$15,085
Restricted for				
Capital Improvements		\$53,777		53,777
Literacy Grant			298	298
Children's Programs			22	22
Piano Fund			283	283
<i>Total Restricted</i>		<u>\$53,777</u>	<u>603</u>	<u>54,380</u>
Committed to				
Capital Improvements			53	53
Assigned to				
Encumbrances	\$6,219			6,219
2015 Appropriations	56,904			56,904
<i>Total Assigned</i>	<u>63,123</u>			<u>63,123</u>
Unassigned	<u>290,365</u>			<u>290,365</u>
<i>Total Fund Balances</i>	<u><u>\$353,488</u></u>	<u><u>\$53,777</u></u>	<u><u>\$15,741</u></u>	<u><u>\$423,006</u></u>

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**North Baltimore Public Library
Wood County**
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

This discussion and analysis of the North Baltimore Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2013, within the limitations of the Library's modified cash basis 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 2013 are as follows:

The Ohio Public Library Funds (PLF) receipts represented \$283,729, or 63% percent of the total cash received for the Library's general fund receipts during the year. The tax levy receipts represented \$126,830 or 28% of the general fund receipts. The remaining receipts are mostly program receipts, contributions, rental of the community room, and interest from investments.

The PLF remained 99% of Fiscal Year 2012. The return to using the WoodLink formula cut the Library's share of Wood County's PLF distribution by 1.1% for the whole year. The net result was a \$3,110 reduction from 2012 PLF.

Total General Fund receipts were \$1,689 less than in 2012. Increases in contributions and gifts as well as some increase in levy revenue and investment income helped offset the PLF loss of receipts. Continuing to control library expenditures resulted in the library's cash position of the General Fund to improve by \$38,865.

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.

North Baltimore Public Library
Wood County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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.

Reporting the Library as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 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 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 non-financial factors as well such as the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations, and the need for local revenue sources such as property taxes.

In the statement of net position and the statement of activities, the Library has one type of activity:

Governmental activities- All of the Library's basic services are reported here. The State finances the majority of these activities through the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

The Library has no business-type activities where a fee is charged to customers receiving the service.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted is being spent for the intended purpose.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General and Capital Projects Bower Estate funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**North Baltimore Public Library
Wood County**
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net cash position for December 31, 2013 compared to December 31, 2012.

(Table 1)

Net Position

	Governmental Activities	
	2013	2012
Assets		
Cash and Cash Equivalents	\$421,271	\$419,676
Net Position		
Restricted for:		
Capital Projects	54,113	92,705
Permanent Fund:		
Expendable	17	12
NonExpendable	14,285	12,685
Other Purposes	298	
Unrestricted	352,558	314,274
Total Net Position	\$421,271	\$419,676

The net position of governmental activities increased \$1,595 during 2013 as total receipts were greater than total expenditures. Total receipts were \$84 less in 2013 than in 2012 while total expenditures increased by \$22,154.

The primary reason for the increase in expenditures was due to the Library having been operating on reduced staffing in 2012 and then returning to regular staffing in 2013. Also, the employees received an increase in salary in 2013.

Table 2 reflects the changes in net position in 2013 compared to 2012.

**North Baltimore Public Library
Wood County**
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Variance
Receipts:			
Program Receipts:			
Charges for Services	\$7,687	\$10,889	(\$3,202)
Operating Grants and Contributions	5		5
Total Program Receipts	7,692	10,889	(3,197)
General Receipts:			
Public Library Fund	283,729	286,839	(3,110)
Property Taxes	126,830	126,744	86
Grants and Entitlements not Restricted	8,274	15,124	(6,850)
Unrestricted Gifts and Contributions	19,482	6,610	12,872
Investment Earnings	1,295	1,511	(216)
Miscellaneous	2,771	1,140	1,631
Total General Receipts	442,381	437,968	4,413
Contributions to a Permanent Fund	1,600		1,600
Extraordinary or Special Items		2,900	(2,900)
Total Receipts	451,673	451,757	(84)
Disbursements:			
Library Services			
Public Service and Programs	106,517	93,099	13,418
Collection Development and Processing	103,326	92,701	10,625
Support Services			
Facilities Operation and Maintenance	88,979	80,284	8,695
Information Services	500		500
Business Administration	103,463	110,565	(7,102)
Capital Outlay	8,418	12,400	(3,982)
Total Disbursements	411,203	389,049	22,154
Excess Before Loss on Investments	40,470	62,708	(22,238)
Loss on Sale of Investments	(38,875)		(38,875)
Increase in Net Position	1,595	62,708	(61,113)
Net Position Beginning of Year	419,676	356,968	62,708
Net Position End of Year	\$421,271	\$419,676	\$1,595

Program receipts represent 2% of total receipts and are primarily comprised of monies collected for fines, fees for copier use, and fees for community room use.

In 2013, general receipts represent 98% percent of the Library's total receipts. PLF provided 63% of the general receipts; property taxes and state reimbursements for property tax rollbacks provided 30%. Other receipts were insignificant and are somewhat unpredictable revenue sources.

Disbursements for public service programs, collection development and processing, facilities operations and maintenance, and business administration represent the major costs of running the Library. Capital Outlay includes cost of new equipment and building maintenance and improvements.

**North Baltimore Public Library
Wood County**
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 32, you will see that the first column lists the major services provided by the Library. The next column identifies the cost of providing these services. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
General Government:				
Library Services				
Public Service & Programs	\$106,517	(\$98,825)	\$93,099	(\$82,210)
Collection Development & Processing	103,326	(103,326)	92,701	(92,701)
Support Services				
Facilities Operation & Maintenance	88,979	(88,979)	80,284	(80,284)
Information Services	500	(500)		
Business Administration	103,463	(103,463)	110,565	(110,565)
Capital Outlay	8,418	(8,418)	12,400	(12,400)
Total Expenses	\$411,203	(\$403,511)	\$389,049	(\$378,160)

The dependence upon Public Library Funds and property tax levy receipts is apparent as less than 2% of governmental activities were supported through charges for services.

The Library's Funds

Total governmental funds had receipts of \$451,673 and disbursements of \$411,203. The Library had an excess of receipts over disbursements of \$40,470.

The greatest change within the governmental funds occurred within the Capital Projects Bower Estate Fund. The fund balance decreased by \$38,875 due to the sale of stock.

General Fund Budgeting Highlights

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

North Baltimore Public Library
Wood County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Final receipts for the General Fund were \$450,068. Actual disbursements were \$411,203. Even with the excess in revenues, with the uncertainty of the future of the PLF, the Director of the Library and the entire staff strived to be mindful of unnecessary spending

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by shrinking funding. We have relied heavily on the Public Library Fund but now have some relief provided by an operating levy. The Ohio Department of Taxation's Calendar Year 2013 Estimate of the PLF Entitlement for Wood County shows a modest increase over actual 2012 entitlement receipts. However, North Baltimore Public Library will not realize any of that increase.

The Director and the Board must continue to closely monitor all changes in funding and spending to avoid future deficits.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jodi L. Karhoff, Fiscal Officer, North Baltimore Public Library, 230 North Main Street., North Baltimore, Ohio 45872-1132.

North Baltimore Public Library
Wood County
Statement of Net Position - Cash Basis
December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$421,271
 Net Position	
Restricted for:	
Capital Projects	\$54,113
Permanent Fund Purpose:	
Expendable	17
Nonexpendable	14,285
Other Purposes	298
Unrestricted	352,558
<i>Total Net Position</i>	\$421,271

See accompanying notes to the basic financial statements

North Baltimore Public Library
Wood County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$106,517	\$7,687	\$5	(\$98,825)
Collection Development and Processing	103,326			(103,326)
Support Services:				
Facilities Operation and Maintenance	88,979			(88,979)
Information Services	500			(500)
Business Administration	103,463			(103,463)
Capital Outlay	8,418			(8,418)
Total Primary Government	\$411,203	\$7,687	\$5	(403,511)
General Receipts:				
Property Taxes Levied for General Purposes				126,830
Unrestricted Gifts and Contributions				19,482
Grants/Entitlements not Restricted to Specific Programs				292,003
Earnings on Investments				1,295
Miscellaneous				2,771
Contributions to Permanent Fund				1,600
Loss on Sale of Stock				(38,875)
Total General Receipts and Contributions to Permanent Fund				405,106
Change in Net Position				1,595
<i>Net Position Beginning of Year</i>				419,676
<i>Net Position End of Year</i>				\$421,271

See accompanying notes to the basic financial statements

North Baltimore Public Library
Wood County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2013

	<u>General</u>	<u>Bower Estate</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$352,558</u>	<u>\$53,777</u>	<u>\$14,936</u>	<u>\$421,271</u>
Fund Balances				
Nonspendable			\$14,285	\$14,285
Restricted		\$53,777	598	54,375
Committed			53	53
Assigned	\$59,205			59,205
Unassigned	<u>293,353</u>			<u>293,353</u>
<i>Total Fund Balances</i>	<u>\$352,558</u>	<u>\$53,777</u>	<u>\$14,936</u>	<u>\$421,271</u>

See accompanying notes to the basic financial statements

**North Baltimore Public Library
Wood County**

*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds*

For the Year Ended December 31, 2013

	General	Bower Estate	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$126,830			\$126,830
Public Library	283,729			283,729
Intergovernmental	8,274			8,274
Patron Fines and Fees	7,687			7,687
Contributions, Gifts and Donations	19,482		\$1,600	21,082
Earnings on Investments	1,295		5	1,300
Miscellaneous	2,771			2,771
<i>Total Receipts</i>	<u>450,068</u>		<u>1,605</u>	<u>451,673</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	106,517			106,517
Collection Development and Processing	103,326			103,326
Support Services:				
Facilities Operation and Maintenance	88,979			88,979
Information Services	500			500
Business Administration	103,463			103,463
Capital Outlay	8,418			8,418
<i>Total Disbursements</i>	<u>411,203</u>			<u>411,203</u>
<i>Excess of Receipts Over Disbursements</i>	<u>38,865</u>		<u>1,605</u>	<u>40,470</u>
Other Financing Uses				
Loss on Sale of Stock		(\$38,875)		(38,875)
<i>Net Change in Fund Balances</i>	38,865	(38,875)	1,605	1,595
<i>Fund Balances Beginning of Year</i>	<u>313,693</u>	<u>92,652</u>	<u>13,331</u>	<u>419,676</u>
<i>Fund Balances End of Year</i>	<u>\$352,558</u>	<u>\$53,777</u>	<u>\$14,936</u>	<u>\$421,271</u>

See accompanying notes to the basic financial statements

North Baltimore Public Library
Wood County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Receipts				
Property and Other Local Taxes	\$136,926	\$136,926	\$126,830	(\$10,096)
Public Library	284,870	284,870	283,729	(1,141)
Intergovernmental			8,274	8,274
Patron Fines and Fees	8,000	8,000	7,687	(313)
Contributions, Gifts and Donations	4,000	4,000	19,482	15,482
Earnings on Investments	1,000	1,000	1,295	295
Miscellaneous	2,000	2,000	2,771	771
<i>Total Receipts</i>	436,796	436,796	450,068	13,272
Disbursements				
Current:				
Library Services:				
Public Services and Programs	120,030	123,571	106,517	17,054
Collection Development and Processing	128,060	132,547	103,326	29,221
Support Services:				
Facilities Operation and Maintenance	95,240	100,058	88,979	11,079
Information Services	500	500	500	0
Business Administration	119,462	121,240	103,463	17,777
Capital Outlay	19,500	13,346	8,418	4,928
<i>Total Disbursements</i>	482,792	491,262	411,203	80,059
<i>Excess of Receipts Over (Under) Disbursements</i>	(45,996)	(54,466)	38,865	93,331
Other Financing Uses	(12,500)	(4,030)		4,030
<i>Net Change in Fund Balance</i>	(58,496)	(58,496)	38,865	97,361
<i>Unencumbered Fund Balance Beginning of Year</i>	311,161	311,161	311,161	
Prior Year Encumbrances Appropriated	2,532	2,532	2,532	
<i>Unencumbered Fund Balance End of Year</i>	\$255,197	\$255,197	\$352,558	\$97,361

See accompanying notes to the basic financial statements

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**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The North Baltimore Public Library, Wood County, Ohio (the Library) was organized as a school district public library in 1919 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the North Baltimore Local School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the North Baltimore 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. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Friends of the North Baltimore Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

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

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

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

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

Capital Projects Bower Estate Fund - The Bower Estate fund accounts for proceeds of the sale of a gift of stock it received in 2000 and sold in 2013. Proceeds from the sale of the stock are restricted for a major building project or alterations to the present building. Income from the fund can be used as the Board sees fit.

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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.

During 2013, investments were limited to STAR Ohio and nonnegotiable certificates of deposit. The certificates of deposit are recorded at cost.

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,295. Interest receipts credited to the Wolfe Family Endowment amounted to \$5.

Restricted Assets

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

Inventory and Prepaid Items

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

Capital Assets

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

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 spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9 the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net cash position restricted for other purpose includes amounts restricted for community education.

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

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 is outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no outstanding encumbrances at year end (budgetary basis) for the General Fund.

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

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 Library has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

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

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

At year end, the Library had \$110 in undeposited cash on hand which is included as part of “Cash” or “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

At year end, the carrying amount of the Library’s deposits was \$322,222 and the bank balance was \$323,893. The bank balance was covered by federal depository insurance.

Investments

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

	Fair Value
STAR Ohio	\$86,247
STAR Ohio- Wolfe	12,692
Total Investments	<u>\$98,939</u>

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less and states that an investment must be purchased with the expectation that it will be held to maturity. Interim certificates of deposit must mature within one year and inactive certificates of deposit must mature no later than the expiration date of the depository agreement.

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

NOTE 5- PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

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. 2012 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

North Baltimore Public Library
Wood County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)

NOTE 5- PROPERTY TAXES (Continued)

The full tax rate for all Library operations for the year ended December 31, 2013 was \$1.95 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$67,059,800
Public Utility Personal Property	<u>5,117,310</u>
Total	<u><u>\$72,177,110</u></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 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 several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Motorist Mutual Insurance Company	Property	\$3,037,655
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$2,000,000
France & Associates	Employee Dishonesty	\$100,000
CNA/Western Surety	Public Officials Bond	\$5,000

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

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

NOTE 7 – PUBLIC LIBRARY FUND

A major source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). The PLF is allocated to each county based on the county's prior intangible tax revenues and its population. The County Budget Commission allocates these funds to the Library based on its census of population for which the library services. The Budget Commission cannot reduce its allocation of these funds based on any additional revenues the Library receives.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

The Library participated in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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.

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.

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

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377

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

The Library's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1 percent during calendar year 2013. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$50,964, \$48,696, and \$47,717 respectively the full amount has been contributed for 2013, 2012 and 2011.

NOTE 9- POSTEMPLOYMENT BENEFITS

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan which includes a medical plan, prescription drug program and a Medicare Part B premium reimbursement to qualifying members in 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.

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 9- POSTEMPLOYMENT BENEFITS (Continued)

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan 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>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement care coverage 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 contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB.

OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with the Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that has been set aside for funding of post-employment health care benefits. The portion of the employer contributions allocated to health care for members in the Traditional Plan was 1.0 % during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014 the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retirees or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary on the number of covered dependents and the coverage selected.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$2,123 , \$2,028, and \$1,987, the full amount has been contributed for 2013, 2012 and 2011.

NOTE 10 – SALE OF STOCK

The Bower Estate Fund was started through a donation of stock. The fair market value of this stock at the time of donation was \$92,613. In 2013, the Library sold the stock for \$53,738 resulting in a loss of \$38,875.

NOTE 11 – FUND BALANCES

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

**North Baltimore Public Library
Wood County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)*

NOTE 11 – FUND BALANCES (Continued)

Fund Balances	General	Bower Fund	Other Governmental Funds	Total
Nonspendable				
Permanent Trust			\$14,285	\$14,285
Restricted for				
Capital Improvements		\$53,777		53,777
Literacy Grant			298	298
Children's Programs			17	17
Piano Fund			283	283
<i>Total Restricted</i>		<u>53,777</u>	<u>598</u>	<u>54,375</u>
Committed to				
Capital Improvements			53	53
Assigned to				
2014 Appropriations	\$59,205			59,205
Unassigned	<u>293,353</u>			<u>293,353</u>
<i>Total Fund Balances</i>	<u>\$352,558</u>	<u>\$53,777</u>	<u>\$14,936</u>	<u>\$421,271</u>

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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

North Baltimore Public Library
Wood County
230 North Main Street
North Baltimore, Ohio 45872-1132

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 North Baltimore Public Library, Wood 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 July 28, 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.

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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

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 findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's responses 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.



Dave Yost
Auditor of State

Columbus, Ohio

July 28, 2015

**NORTH BALTIMORE PUBLIC LIBRARY
WOOD COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and the Library Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Transactions, such as the following, required adjustments to the accompanying financial statements and where applicable, accounting records:

- In 2013 the loss on the sale of stock of \$38,875 was reported in the General Fund instead of the Bower Fund. It was also coded to the books as a fund balance adjustment instead of Loss on Sale of Stock.
- In 2013, General Fund expenditures totaling \$6,505 were posted as a fund balance adjustment instead of recording the expenditure.
- Expenditures totaling \$4,683 were posted to the Bower Estate Fund, the Piano Fund and the Capital Projects Fund instead of the General Fund in 2013.
- A donation of \$1,600 in 2013 to the Wolfe Family Endowment Fund was incorrectly posted to the General Fund. A transfer of \$1,600 from the General Fund to the Endowment Fund in 2014 to correct the posting was taken off the books since we corrected it in 2013.
- \$6,233 of Charges for Services - Program Revenue on the Statement of Activities was posted to Premium and Accrued Interest on Debt in 2013.
- The Bower Estate Fund with a balance of \$92,652 was reported as an Other Governmental Fund instead of a major fund in 2013.
- The Summary of Significant Accounting Policies, Cash, Fund Balances, Public Library Fund, and Risk Management note disclosures had missing or incorrect information and amounts requiring modification for both years. The accounting basis also needed to be changed in the notes and Management and Discussion Analysis.

Due to insufficient monitoring by management, adjusting entries ranging in amounts up to \$92,652 were posted to the financial statements to correct these and other errors.

To ensure the Library's financial statements and notes to the statements are complete and accurate, the Library Board should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Audit Committee, to identify and correct errors and omissions.

Officials' Response:

The Bower Fund was designated a Major Fund on the UAN system fund determination sheet but the financials from the system did not indicate a major fund due to a mapping error. The current Fiscal Officer found many of the errors in 2013 but could not correct them on the UAN system since 2013 and 2014 had been closed out.

Donations to the Wolfe Fund have always been posted to the General Fund because the donations are deposited into the general checking account until the transfer is made to the Wolfe Star Ohio Investment Account at which time they are then transferred to the Wolfe Fund on the UAN system with the transfer approved by the Board. The 2013 donation was not transferred to Star Ohio until 2014.

FINDING NUMBER 2014-002

Material Weakness

GASB 54 Fund Balance Reporting – Material Weakness

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance classification includes amounts which are legally required to maintain the amounts intact. In 2014, \$15,085 and \$14,285 in 2013 were classified as Assigned instead of Nonspendable.

Restricted fund balance classification includes amounts with constraints placed on the use of resources that are externally imposed by creditors, grantors, contributors or laws and regulations of other governments. In 2014 and 2013, \$53,929 and \$53,924 respectively, was classified as Committed instead of Restricted.

Assigned fund balance classification includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

Encumbrances of \$6,218 in 2014 were classified as Unassigned instead of Assigned.

In 2015 and 2014 annual appropriation for both years exceeded estimated receipts in the General fund as follows:

	<u>2015</u>	<u>2014</u>
Estimated Receipts	\$432,116	\$431,120
Appropriations	<u>489,020</u>	<u>490,325</u>
Deficit	<u><u>(\$56,904)</u></u>	<u><u>(\$59,205)</u></u>

The amounts of the deficit noted above should have been recognized as assigned for subsequent year’s appropriations instead of being classified as unassigned.

These errors occurred as a result of a lack of understanding of GASB 54. Adjustments were recorded to the 2014 and 2013 financial statements to change the above differences in fund balance classification.

In order to ensure the Library’s fund balances are reported in accordance with GASB 54, we recommend the Library review and follow Auditor of State Bulletin 2011-004.

Officials’ Response:

We did not receive a response from Officials to this finding.



Dave Yost • Auditor of State

NORTH BALTIMORE PUBLIC LIBRARY

WOOD 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
AUGUST 18, 2015**