

WAYNE COUNTY PUBLIC LIBRARY

WAYNE COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2015





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wayne County Public Library, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wayne County Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 26, 2016

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WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY, OHIO
Audit Report
For the Year Ended December 31, 2015

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Public Library, Wayne County, Ohio (the Library) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Public Library, Wayne County, Ohio, as of December 31, 2015, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, during 2015, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*". We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis, as listed in the table of contents. 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 8, 2016, 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.



Charles E. Harris & Associates, Inc.
July 8, 2016

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

As the management of the Wayne County Public Library, we offer readers of the Library's financial statements this narrative overview and analysis of the Library's financial activities for the year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

- The Library's total net position increased \$923,656 or 21.95%.
- As of the close of the most recent fiscal year, the fund balance in the Library's general fund was \$2.56 million, an increase of \$105,623 or 4.3%, from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Library maintains 20 individual governmental funds. Information is presented separately in the governmental fund statement of modified cash basis assets and fund balances and in the governmental fund statement of cash receipts, disbursements and changes in modified cash basis fund balances for the General Fund, the Building and Repair Fund, and the Dalton Addition Fund. These funds are the Library's major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The Library's fund financial statements begin on page 12.

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

Notes to the basic financial statements

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

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

THE LIBRARY AS A WHOLE

Table 1 provides a summary of the Library's net position for 2015 compared to 2014 on the modified cash basis:

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
Assets	<u>\$5,131,608</u>	<u>\$4,207,952</u>
Total Assets	<u><u>\$5,131,608</u></u>	<u><u>\$4,207,952</u></u>
Net Position		
Restricted	\$1,374,915	\$221,153
Unrestricted	<u>3,756,693</u>	<u>3,986,799</u>
Total Net Position	<u><u>\$5,131,608</u></u>	<u><u>\$4,207,952</u></u>

Cash balances increased between years due to receipts exceeding disbursements during 2015. Restricted net position increased due to the addition of the Dalton Addition/Renovation Fund. Significant changes in receipts and disbursements will be discussed under Table 2.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Table 2 shows the changes in net position for the year ended December 31, 2015 as compared to 2014.

Table 2
Changes in Net Position

	2015	2014
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$137,104	\$137,042
Capital Grants and Contributions	131,252	0
Operating Grants and Contributions	0	45
Total Program Cash Receipts	268,356	137,087
General Receipts		
Taxes	2,237,380	2,223,352
Unrestricted Gifts and Contributions	45,940	30,219
Unrestricted Grants and Entitlements	3,253,969	3,031,588
Premium on Refunding Bonds Issued	0	433,359
Refunding Bonds Issued	0	3,355,000
Proceeds from Loan	1,225,000	0
Sale of Assets	0	462
Interest	17,220	17,891
Other Receipts	91,901	71,586
Total General Receipts	6,871,410	9,163,457
Total Receipts	7,139,766	9,300,544
Disbursements:		
Program Disbursements:		
Public Service and Programs	2,167,155	2,098,455
Collection Development and Processing	1,348,943	1,170,349
Facilities Operation and Maintenance	722,515	670,608
Information Services	489,728	421,308
Business Administration	538,846	569,900
Capital Outlay	454,180	78,514
Debt Service:		
Principal Retirement	372,840	330,000
Interest	121,903	115,255
Debt Issuance Costs	0	81,481
Payment to Refunding Bond Escrow Agent	0	3,706,878
Total Disbursements	6,216,110	9,242,748
Changes in Net Position	923,656	57,796
Net Position, Beginning of Year	4,207,952	4,150,156
Net Position, End of Year	\$5,131,608	\$4,207,952

Total receipts decreased \$2,160,778. This decrease was due mainly to the refunding of the Library Bonds and the premium associated with this issuance during 2014, which was partially offset by the issuance of a loan during 2015. Unrestricted grants and entitlements increased due to the increased revenue received from the state in 2015. Capital grants and contributions increased due to donations for the renovations to the Dalton Branch.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Total disbursements decreased \$3,026,638. This decrease was due mainly to the payment to refunding bond escrow agent that occurred in the previous year, which was partially offset by an increase in collection development and processing and capital outlay. Collection development and processing disbursements increased due to the Library employees working to increase the material selection by purchasing books, DVDs, and audio books. Principal retirement disbursements increased due to the retirement of the Library Improvement Bonds, the Library Improvement Refunding Bonds and the Dalton Addition Loan. Capital outlay increased as a result of the Dalton Branch renovation.

General receipts comprise 96.2% of the Library's receipts with the loans issued, property taxes and unrestricted state entitlements being the primary contributors. Public service and programs, collection development and processing, and facilities operation and maintenance are the major activities of the Library, accounting for 34.9%, 21.7%, and 11.6% of total disbursements, respectively. Principal retirement and interest on the bonds accounted for 8.0% of the total expenses for 2015.

Total Versus Net Cost of Services

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

Table 3

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Disbursements				
Library Services				
Public Service and Programs	\$2,167,155	\$2,030,051	\$2,098,455	\$1,961,413
Collection Development and Processing	1,348,943	1,348,943	1,170,349	1,170,349
Support Services				
Facilities Operation and Maintenance	722,515	722,515	670,608	670,608
Information Services	489,728	489,728	421,308	421,308
Business Administration	538,846	538,846	569,900	569,900
Capital Outlay	454,180	322,928	78,514	78,469
Debt Service				
Principal Retirement	372,840	372,840	330,000	330,000
Interest	121,903	121,903	115,255	115,255
Debt Issuance Costs	-	-	81,481	81,481
Payment to Refunding Bond Escrow Agent	-	-	3,706,878	3,706,878
Total Disbursements	<u>\$6,216,110</u>	<u>\$5,947,754</u>	<u>\$9,242,748</u>	<u>\$9,105,661</u>

The Library's reliance on general receipts is indicated by the net cost of services column reflecting the need for \$5.9 million of support as well as Table 2 on the preceding page demonstrating that general receipts comprise 96.2% of the Library's total receipts.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

THE LIBRARY'S FUNDS

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

As of the end of the current year, the Library's governmental funds reported combined ending fund balances of \$5.13 million, an increase of \$923,656 in comparison with the prior year. Approximately 39.8% of this amount (\$2.13 million) constitutes unassigned fund balance, which is available for spending at the Library's discretion. The remainder of fund balance is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending.

The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2015 and 2014.

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$2,565,739	\$2,460,116	\$105,623
Building and Repair	692,956	1,023,056	(330,100)
Dalton Addition	1,065,432	0	1,065,432
Other Governmental	807,481	724,780	82,701
Total	\$5,131,608	\$4,207,952	\$923,656

The General Fund is the chief operating fund of the Library. At the end of the current year, unassigned fund balance of the General Fund was \$2.13 million, while total fund balance reached \$2.56 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 42.3% of total general fund disbursements, while total fund balance represents 51.3% of that same amount.

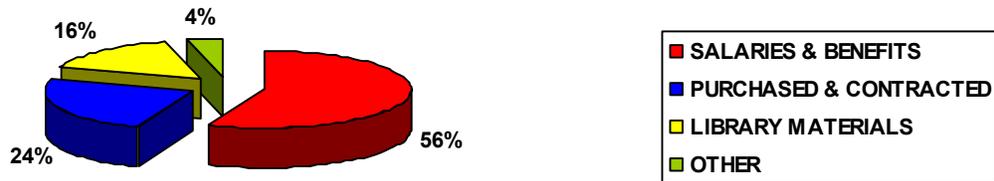
The tables and graphs that follow assist in illustrating the financial activities and corresponding increase in fund balance of the Library's General Fund.

General Fund Receipts Comparative Analysis

	2015 Amount	2014 Amount	Percentage Change
Revenues:			
General Taxes	\$1,768,333	\$1,784,201	(-0.89%)
Intergovernmental	3,131,466	2,970,329	5.42%
Other	278,311	246,122	13.08%
Total	\$5,178,110	\$5,000,652	3.5%

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

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)



Expenditures by Object:	2015 Amount	2014 Amount	Dollar Change	Percent Change
Salaries & Benefits	\$2,778,376	\$2,753,271	\$25,105	0.91%
Purchased Services	1,181,145	1,080,158	100,987	9.35%
Library Materials	778,332	862,125	(83,793)	-9.72%
Other	259,634	230,513	29,121	12.63%
Total	\$4,997,487	\$4,926,067	\$71,420	1.45%

GENERAL FUND BUDGET INFORMATION

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

The Library's final General Fund estimated receipts were less than actual receipts by \$60,406, or 1.2%, and the final amended appropriation measure exceeded actual budgetary expenditures by \$393,253, or 7.0%. Appropriations were higher than actual disbursements due to conservative budgeting by the Library.

DEBT

On November 8, 2005, the voters of Wayne County approved the issuance of bonds for the purpose of constructing, furnishing, equipping and otherwise improving new library facilities and improving their sites. The \$6,000,000 Library Improvement Bonds were sold and issued in June 2006. In 2014, \$3,355,000 of these bonds were refunded. In June 2015, Wayne County issued a loan in the amount of \$1,225,000. At December 31, 2015, the balance of total debt outstanding was \$4,747,160. Additional information regarding debt is reported in Note 7 to the basic financial statements.

CONTACTING THE LIBRARY

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

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Wayne County Public Library
Statement of Net Position - Modified Cash Basis
December 31, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,109,624
Investments	1,001,753
Restricted Assets:	
Cash and Cash Equivalents with Escrow Agents	20,231
<i>Total Assets</i>	\$5,131,608
Net Position	
Restricted for:	
Permanent Fund:	
Non-expendable	\$24,200
Expendable	12,730
Capital Projects	1,065,432
Debt Service	272,018
Other Purposes	535
Unrestricted	3,756,693
<i>Total Net Position</i>	\$5,131,608

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Public Service and Programs	\$2,167,155	\$137,104	\$0	(\$2,030,051)
Collection Development and Processing	1,348,943	0	0	(1,348,943)
Support Services:				
Facilities Operation and Maintenance	722,515	0	0	(722,515)
Information Services	489,728	0	0	(489,728)
Business Administration	538,846	0	0	(538,846)
Capital Outlay	454,180	0	131,252	(322,928)
Debt Service:				
Principal Retirement	372,840	0	0	(372,840)
Interest	121,903	0	0	(121,903)
<i>Total Governmental Activities</i>	<u>\$6,216,110</u>	<u>\$137,104</u>	<u>\$131,252</u>	<u>(5,947,754)</u>
General Receipts				
Property Taxes Levied for General Purposes				1,768,333
Property Taxes Levied for Library Construction				469,047
Unrestricted Gifts and Contributions				45,940
Grants and Entitlements not Restricted to Specific Programs				3,253,969
Interest				17,220
Miscellaneous				91,901
Proceeds from Loan				1,225,000
<i>Total General Receipts</i>				<u>6,871,410</u>
Change in Net Position				923,656
<i>Net Position Beginning of Year</i>				<u>4,207,952</u>
<i>Net Position End of Year</i>				<u><u>\$5,131,608</u></u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2015

	<u>General</u>	<u>Building and Repair</u>	<u>Dalton Addition/ Renovation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,350,131	\$363,646	\$1,045,201	\$350,646	\$4,109,624
Investments	215,608	329,310	0	456,835	1,001,753
Restricted Assets:					
Cash and Cash Equivalents with Escrow Agent	<u>0</u>	<u>0</u>	<u>20,231</u>	<u>0</u>	<u>20,231</u>
<i>Total Assets</i>	<u><u>\$2,565,739</u></u>	<u><u>\$692,956</u></u>	<u><u>\$1,065,432</u></u>	<u><u>\$807,481</u></u>	<u><u>\$5,131,608</u></u>
Fund Balances					
Nonspendable	\$0	\$0	\$0	\$24,200	\$24,200
Restricted	0	0	1,065,432	285,283	1,350,715
Committed	245,447	692,956	0	497,998	1,436,401
Assigned	206,714	0	0	0	206,714
Unassigned	<u>2,113,578</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,113,578</u>
<i>Total Fund Balances</i>	<u><u>\$2,565,739</u></u>	<u><u>\$692,956</u></u>	<u><u>\$1,065,432</u></u>	<u><u>\$807,481</u></u>	<u><u>\$5,131,608</u></u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2015

	General	Building and Repair	Dalton Addition/ Renovation	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$1,768,333	\$0	\$0	\$469,047	\$2,237,380
Intergovernmental	3,131,466	0	0	122,503	3,253,969
Patron Fines and Fees	137,104	0	0	0	137,104
Contributions, Gifts and Donations	45,940	1	131,251	0	177,192
Earnings on Investments	9,984	2,807	1,497	2,932	17,220
Miscellaneous	85,283	0	0	6,618	91,901
<i>Total Receipts</i>	<u>5,178,110</u>	<u>2,808</u>	<u>132,748</u>	<u>601,100</u>	<u>5,914,766</u>
Disbursements					
Library Services:					
Public Service and Programs	2,167,083	0	0	72	2,167,155
Collection Development and Processing	1,044,653	45,411	250,321	8,558	1,348,943
Support Services:					
Facilities Operation and Maintenance	722,515	0	0	0	722,515
Information Services	489,728	0	0	0	489,728
Business Administration	536,572	0	2,274	0	538,846
Capital Outlay	36,936	87,497	239,721	90,026	454,180
Debt Service:					
Principal Retirement	0	0	0	372,840	372,840
Interest	0	0	0	121,903	121,903
<i>Total Disbursements</i>	<u>4,997,487</u>	<u>132,908</u>	<u>492,316</u>	<u>593,399</u>	<u>6,216,110</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	180,623	(130,100)	(359,568)	7,701	(301,344)
Other Financing Sources (Uses)					
Transfers In	0	0	200,000	150,000	350,000
Transfers Out	(75,000)	(200,000)	0	(75,000)	(350,000)
Proceeds from Loan	0	0	1,225,000	0	1,225,000
<i>Total Other Financing Sources (Uses)</i>	<u>(75,000)</u>	<u>(200,000)</u>	<u>1,425,000</u>	<u>75,000</u>	<u>1,225,000</u>
<i>Net Change in Fund Balances</i>	105,623	(330,100)	1,065,432	82,701	923,656
<i>Fund Balances Beginning of Year</i>	<u>2,460,116</u>	<u>1,023,056</u>	<u>0</u>	<u>724,780</u>	<u>4,207,952</u>
<i>Fund Balances End of Year</i>	<u>\$2,565,739</u>	<u>\$692,956</u>	<u>\$1,065,432</u>	<u>\$807,481</u>	<u>\$5,131,608</u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,887,200	\$1,887,200	\$1,768,333	(\$118,867)
Intergovernmental	2,979,987	2,979,987	3,194,321	214,334
Patron Fines and Fees	140,892	140,892	137,104	(3,788)
Contributions, Gifts and Donations	10,000	10,000	14,000	4,000
Earnings on Investments	15,000	15,000	8,863	(6,137)
Miscellaneous	51,564	51,564	22,428	(29,136)
<i>Total Receipts</i>	5,084,643	5,084,643	5,145,049	60,406
Disbursements				
Library Services:				
Public Service and Programs	2,249,266	2,293,345	2,245,127	48,218
Collection Development and Processing	1,150,864	1,248,881	1,078,462	170,419
Support Services:				
Facilities Operation and Maintenance	730,660	826,569	726,176	100,393
Information Services	442,409	542,854	495,782	47,072
Business Administration	682,841	632,444	571,801	60,643
Capital Outlay	16,000	30,289	63,781	(33,492)
<i>Total Disbursements</i>	5,272,040	5,574,382	5,181,129	393,253
<i>Excess of Receipts Over (Under) Disbursements</i>	(187,397)	(489,739)	(36,080)	453,659
Other Financing Uses				
Transfers Out	(75,000)	(75,000)	(75,000)	0
<i>Total Other Financing Uses</i>	(75,000)	(75,000)	(75,000)	0
<i>Net Change in Fund Balance</i>	(262,397)	(564,739)	(111,080)	453,659
<i>Unencumbered Fund Balance Beginning of Year</i>	1,907,596	1,907,596	1,907,596	0
<i>Prior Year Encumbrances Appropriated</i>	237,466	237,466	237,466	0
<i>Unencumbered Fund Balance End of Year</i>	\$1,882,665	\$1,580,323	\$2,033,982	\$453,659

See accompanying notes to the basic financial statements.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

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

The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, the financial statements of the Library have been prepared on a modified cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The most significant of the Library's accounting principles are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

The *General Fund* is the library's primary operating fund. It accounts for all financial resources of the general government not accounted for and reported in another fund.

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

The *Dalton Addition/Renovation Fund* is used to account for resources and expenditures for the additions/renovations at the Dalton Branch. The main source of revenue for the current year was proceeds from a loan; however, cash and in-kind donations were another major source of funding.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

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

D. Budgetary Process

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

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

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

The adjustment necessary to convert the results of operations for the year ended December 31, 2015, on the modified cash basis are as follows:

	<u>General</u>
Modified Cash Basis	\$105,623
Perspective Difference:	
Activity of Funds Reclassified for	
Cash Reporting Purposes	(9,989)
Encumbrances	<u>(206,714)</u>
Budget Basis	<u>(\$111,080)</u>

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

E. Cash and Cash Equivalents

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

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

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

The Library's investment in federal agency securities is reported at cost. The Library's investments in money market mutual funds are reported at the value of their shares, which approximates cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund, the Building and Repair Fund, the Dalton Addition/Renovation Fund and other governmental funds during 2015 amount to \$9,984, \$2,807, \$1,497 and \$2,932, respectively.

The Library also maintains an outside bank account for the purpose of segregating retainage for contractors used for the Dalton Addition/Renovation construction project. This cash has been presented on the financial statements as "restricted assets: cash and cash equivalents with escrow agents."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Net Position

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

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

No restricted net position is restricted by enabling legislation.

G. Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Library Board.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

3. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Library into three categories.

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

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

3. DEPOSITS AND INVESTMENTS (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than two hundred seventy days after purchase; and
9. Bankers' acceptance for a period not to exceed one hundred and eighty days and in an amount not to exceed ten percent of the Library's total average portfolio.

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

At year end, the Library had \$1,625 in undeposited cash on hand which is included as part of "*Equity in Pooled Cash and Cash Equivalents*" on the financial statements.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the Library's deposits was \$4,128,230 and the bank balance was \$4,282,839. Of the bank balance, \$4,012,405 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. The Library does not have an investment policy addressing custodial credit risk for deposits beyond the requirements of the Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

Investments – The Library's investment policy is limited to complying with state statute. As of December 31, 2015, the Library had the following investments and maturities:

Investment Type	Cost Basis	Less Than 1 Year
Federal Home Loan Bank	\$500,000	\$500,000
Federated Treasury Obligations MMF	1,753	1,753
Federal Home Loan Mortgage Corporation	500,000	500,000
Total	\$1,001,753	\$1,001,753

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

Credit Risk – Standard and Poor's and Moody's has assigned an investment rating of AA+ and Aaa to both the Federal Home Loan Bank and the Federal Home Loan Mortgage Association investments, respectively. The Library's investment policy does not limit exposure to credit risk.

Concentration of Credit Risk – The Library's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the Library at December 31, 2015:

Investment Type	Fair Value	% of Total	Cost Basis	% of Total
Federal Home Loan Bank	\$500,130	49.95%	\$500,000	49.91%
Federated Treasury Obligations MMF	1,753	0.18%	1,753	0.18%
Federal Home Loan Mortgage Corporation	499,330	49.87%	500,000	49.91%
Total	\$1,001,213	100.0%	\$1,001,753	100.0%

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

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Public Library Fund (PLF). The PLF is allocated to each county based on the county's prior intangibles tax of PLF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

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

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

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

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

5. DEFINED BENEFIT PENSION PLAN

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

5. DEFINED BENEFIT PENSION PLAN (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution to OPERS was \$260,207 for fiscal year 2015.

6. POSTEMPLOYMENT BENEFITS

OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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 postemployment benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to healthcare was 2% for both plans as recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Library's actual contributions for 2015, 2014, and 2013, which were used to fund OPEB were \$43,370, \$42,210, and \$21,078, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expected to be able to consistently allocated 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

7. DEBT

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

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

Included in the \$3,355,000 2014 Library Improvement Refunding Bonds issued was \$30,000 in capital appreciation bonds. These bonds will accrete to a maturity amount of \$370,000 due on December 1, 2017. In 2015, the accretion on the bonds was \$40,247 for a total accretion and bond value of \$71,987 at fiscal year-end.

The Library deposited \$3,706,878 with the refunding escrow agent to advance refund \$3,355,000 in debt. As of December 31, 2015, the refunded bonds had a balance of \$3,355,000 that is not included in the Library's outstanding debt and will be retired out of escrow on 12/1/16.

On June 1, 2015, the Library issued a loan in the amount of \$1,225,000 for the purpose of making additions to and renovating the Dalton Branch. The loan matures June 1, 2030 and is being paid from the Debt Service Fund.

A summary of bond transactions for the year ended December 31, 2015 follows:

	Interest Rate	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Due Within One Year
Governmental Activities:						
Library Improvement Bond 2006 Issue	4.379%	\$590,000	\$-	\$290,000	\$300,000	\$300,000
2014 Library Improvement Refunding Bonds	2.580%	3,275,000	0	50,000	3,225,000	55,000
Capital Appreciation Bonds	1.40%	30,000	0	-	30,000	-
Total 2014 Library Improvement Bonds		3,305,000	0	50,000	3,255,000	55,000
2015 Dalton Addition/Renovation Loan	2.90%	0	1,225,000	32,840	1,192,160	67,125
Total Debt		\$3,895,000	\$1,225,000	\$372,840	\$4,747,160	\$422,125

The annual requirement to amortize debt outstanding as of December 31, 2015 is as follows:

2006 Library Improvement Bonds			
Year Ending December 31	Principal	Interest	Total
2016	\$300,000	\$12,000	\$312,000
Total	\$300,000	\$12,000	\$312,000

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

7. DEBT (Continued)

2014 Library Improvement Refunding Bonds					
Year Ending December 31	Refunding Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2016	\$55,000	\$80,362	\$-	\$-	\$135,362
2017	-	79,950	30,000	340,000	449,950
2018	365,000	79,950	-	-	444,950
2019	375,000	72,650	-	-	447,650
2020	380,000	65,150	-	-	445,150
2021-2025	2,050,000	181,550	-	-	2,231,550
Total	\$3,225,000	\$559,612	\$30,000	340,000	\$4,154,612

2014 Dalton Loan			
Year Ending December 31	Principal	Interest	Total
2016	\$67,125	\$33,685	\$100,810
2017	69,098	31,712	100,810
2018	71,128	29,682	100,810
2019	73,219	27,591	100,810
2020	75,370	25,440	100,810
2021-2025	411,409	92,641	504,050
2026-2030	424,811	29,833	454,644
Total	\$1,192,160	\$270,584	\$1,462,744

8. LEASE OBLIGATIONS

The Library has entered into the following operating lease agreements:

Real Estate – The Library leases real estate located on East Buckeye Street in West Salem for a total cost of \$1,075 a month. The lease shall continue until terminated upon 90 days’ notice by either party to the other party.

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

9. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. During 2015, the Library contracted with the Cincinnati Insurance Company for various types of insurance coverage as follows:

Coverage	Limit
Commercial Property:	
Building	\$19,819,863
Personal Property	2,265,561
Automobile Liability:	
Bodily Injury (each occurrence)	1,000,000
Uninsured Motorists	1,000,000
Public Officials Liability	2,000,000
Commercial Umbrella Liability:	
Each Occurrence	1,000,000
General Aggregate	2,000,000
Employee Benefit Liability:	
Each Employee	1,000,000
Aggregate	3,000,000
Employers Liability Defense:	
Bodily Injury – Each Employee	1,000,000
Aggregate	1,000,000

Settled claims have not exceeded coverage in any of the last three years. The Library evaluated its insurance coverages and as a result, increased coverages for the current fiscal year.

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

10. INTERFUND TRANSFERS

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

Interfund transfers during 2015 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$0	\$75,000
Building and Repair	0	200,000
Dalton Addition/Renovation	200,000	
Nonmajor Funds:		
Vehicle Replacement	125,000	0
Technology	25,000	75,000
Total Nonmajor Funds	150,000	75,000
Totals	\$350,000	\$350,000

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

11. EMPLOYEE BENEFITS

A. Deferred Compensation Plan

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

B. Compensated Absences

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

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

12. FUND BALANCES

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

Fund Balances	General	Building and Repair	Dalton Addition	All Other Governmental	Total Governmental Funds
Nonspendable					
Endowments	\$0	\$0	\$0	\$24,200	\$24,200
Restricted for					
Permanent Expendable	0	0	0	12,730	12,730
Other Purposes	0	0	0	535	535
Capital Improvements	0	0	1,065,432	0	1,065,432
Debt Services Payments	0	0	0	272,018	272,018
Total Restricted	<u>0</u>	<u>0</u>	<u>1,065,432</u>	<u>285,283</u>	<u>1,350,715</u>
Committed to					
Capital Improvements	0	692,956	0	0	692,956
Technology	0	0	0	135,734	135,734
Vehicle Replacement	0	0	0	308,091	308,091
Other Purposes	245,447	0	0	54,173	299,620
Total Committed	<u>245,447</u>	<u>692,956</u>	<u>0</u>	<u>497,998</u>	<u>1,436,401</u>
Assigned to					
Other Purposes	<u>206,714</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>206,714</u>
Unassigned					
	<u>2,113,578</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,113,578</u>
Total Fund Balances	<u><u>\$2,565,739</u></u>	<u><u>\$692,956</u></u>	<u><u>\$1,065,432</u></u>	<u><u>\$807,481</u></u>	<u><u>\$5,131,608</u></u>

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

13. NEW ACCOUNTING PRINCIPLES

For 2015, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No.27" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68."

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. These implementation of these statements did not have any impact on the beginning net position of the Library as they are reporting on the modified-cash basis of accounting.

14. COMMITMENTS

A. Encumbrances

The Library utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reported as assigned fund balance for subsequent-year expenditures. As of December 31, 2015, the Library's significant commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Outstanding Balance</u>
Major Funds:	
General Fund	\$ 206,714
Building and Repair	20,829
Dalton Addition/Renovation	917,288
Non-major Funds:	
Vehicle Replacement	241,358
Donation	<u>1,508</u>
Total	<u>\$1,387,697</u>

B. Contract

The Library has entered into the following contractual commitment for the purpose of making additions to and renovating the Dalton Branch:

<u>Contractor</u>	<u>Amount</u>	<u>Paid as of December 31</u>	<u>Remaining</u>
RBS General Contracting	\$1,250,000	\$232,648	\$1,017,352

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Public Library, Wayne County, (the Library) as of and for the year ended December 31, 2015, 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 8, 2016, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the Library adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

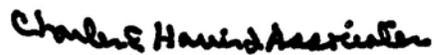
Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 8, 2016.

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.



Charles E. Harris & Associates, Inc.
July 8, 2016

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Dave Yost • Auditor of State

WAYNE COUNTY PUBLIC LIBRARY

WAYNE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 6, 2016