



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

WAYNE COUNTY PUBLIC LIBRARY
WAYNE COUNTY

REGULAR AUDIT

For the Year Ended December 31, 2011
Fiscal Year Audited Under GAGAS: 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wayne County Public Library, Wayne County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. 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

July 16, 2012

This page intentionally left blank.

Wayne County Public Library
Wayne County
Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis	10
Statement of Activities – Modified Cash Basis	11
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds	12
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund	14
Notes to the Basic Financial Statements	15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	30

This page intentionally left blank.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Independent Auditor's Report

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Wayne County Public Library, Wayne County, (the Library) as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

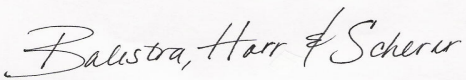
As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Wayne County Public Library, Wayne County, Ohio, as of December 31, 2011, and the respective changes in modified cash financial position thereof, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

As described in Note 13, the Wayne County Public Library adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Library's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and governmental funds activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Balestra, Harr & Scherer, CPAs, Inc.
May 4, 2012

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(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, 2011.

FINANCIAL HIGHLIGHTS

- The Library's total net assets increased \$509,186 or 13.65%.
- As of the close of the most recent fiscal year, the fund balance in the Library's general fund was \$2.96 million, an increase of \$129,307 or 4.57%, from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

The Library maintains 18 individual governmental funds. Information is presented separately in the governmental fund statement of modified cash basis assets and fund balances and in the governmental fund statement of cash receipts, disbursements and changes in modified cash basis fund balances for the General Fund. This fund is the Library's only major fund. 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, 2011
(Unaudited)

THE LIBRARY AS A WHOLE

Table 1 provides a summary of the Library's net assets for 2011 compared to 2010 on the modified cash basis:

Table 1
Net Assets

	2011	2010
Assets	\$4,238,664	\$3,729,478
Total Assets	<u>\$4,238,664</u>	<u>\$3,729,478</u>
Net Assets		
Restricted	\$1,277,120	\$958,364
Unrestricted	2,961,544	2,771,114
Total Net Assets	<u>\$4,238,664</u>	<u>\$3,729,478</u>

Cash balances increased between years due to receipts exceeding disbursements during 2011. 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, 2011
(Unaudited)

Table 2 shows the changes in net assets for the year ended December 31, 2011 as compared to 2010.

Table 2
Changes in Net Assets

	2011	2010
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$168,093	\$154,868
Total Program Cash Receipts	168,093	154,868
General Receipts		
Taxes	2,245,440	2,262,175
Unrestricted Gifts and Contributions	126,554	27,714
Unrestricted Grants and Entitlements	3,130,108	2,998,374
Interest	17,398	70,811
Other Receipts	51,533	69,572
Total General Receipts	5,571,033	5,428,646
Total Receipts	5,739,126	5,583,514
Disbursements:		
Program Disbursements:		
Public Service and Programs	2,086,388	1,963,823
Collection Development and Processing	1,110,323	934,260
Facilities Operation and Maintenance	638,543	549,371
Information Services	298,255	334,754
Business Administration	523,828	486,854
Capital Outlay	108,097	122,958
Debt Service:		
Principal Retirement	250,000	240,000
Interest	214,506	224,106
Total Disbursements	5,229,940	4,856,126
Changes in Net Assets	509,186	727,388
Net Assets, Beginning of Year	3,729,478	3,002,090
Net Assets, End of Year	\$4,238,664	\$3,729,478

Total receipts increased \$155,612. This increase was due mainly to an increase in unrestricted gifts and contributions and unrestricted grants and entitlements, which was partially offset by a decrease in other receipts and interest. Unrestricted gifts and contributions increased primarily due to an increase in support from local contributors. Unrestricted grants and entitlements increased due to grants received from LSTA and PNC Bank.

Total disbursements increased \$373,814. This increase was due mainly to an increase in public service and programs, collection development and processing, and facilities operation and maintenance. The increase to public service and programs is due additional costs incurred from new media that were instituted and the Library's involvement in a traveling exhibit. The increase in collection development and processing is due to new media instituted during the current year. The increase in facilities operation and maintenance is due to an increase in utility costs and an increase in repair costs.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

General receipts comprise 97% of the Library's receipts with property taxes and unrestricted state entitlements being the primary contributors. Public service and programs, collection development and processing, and facilities operation and maintenance are the major activities of the Library, accounting for 40%, 21% and 12% of total disbursements, respectively. Principal retirement and interest on the bonds accounted for 9% of the total expenses for 2011.

Total Versus Net Cost of Services

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

Table 3

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Library Services:				
Public Service and Programs	\$2,086,388	\$1,918,295	\$1,963,823	\$1,808,955
Collection Development and Processing	1,110,323	1,110,323	934,260	934,260
Support Services				
Facilities Operation and Maintenance	638,543	638,543	549,371	549,371
Information Services	298,255	298,255	334,754	334,754
Business Administration	523,828	523,828	486,854	486,854
Capital Outlay	108,097	108,097	122,958	122,958
Debt Service				
Principal Retirement	250,000	250,000	240,000	240,000
Interest	214,506	214,506	224,106	224,106
Total Expense	<u>\$5,229,940</u>	<u>\$5,061,847</u>	<u>\$4,856,126</u>	<u>\$4,701,258</u>

The Library's reliance on general receipts is indicated by the net cost of services column reflecting the need for \$5.0 million of support as well as Table 2 on the preceding page demonstrating that general receipts comprise 97% of the Library's total receipts.

THE LIBRARY'S FUNDS

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

As of the end of the current year, the Library's governmental funds reported combined ending fund balances of \$4.24 million, an increase of \$509,186 in comparison with the prior year. Approximately 65% of this amount (\$2.7 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 because it has already been set aside to liquidate contracts and purchase orders in the current period.

Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010.

	Fund Balance December 31, 2011	Fund Balance 12/31/2010*	Increase (Decrease)
General	\$2,961,544	\$2,832,237	\$129,307
Other Governmental	1,277,120	897,241	379,879
Total	<u>\$4,238,664</u>	<u>\$3,729,478</u>	<u>\$509,186</u>

* As restated, see Note 13.

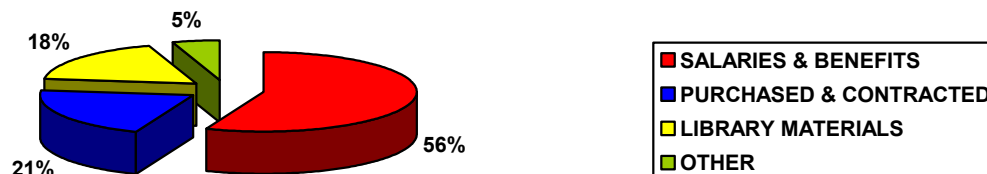
The General Fund is the chief operating fund of the Library. At the end of the current year, unassigned fund balance of the General Fund was \$2.7 million, while total fund balance reached \$2.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 59% of total general fund disbursements, while total fund balance represents 64% 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

	2011 Amount	2010 Amount	Percentage Change
Revenues:			
General Taxes	\$1,809,751	\$1,830,027	(1.1%)
Intergovernmental	3,069,525	2,937,358	4.5%
Other	262,714	282,055	(6.9%)
Total	<u>\$5,141,990</u>	<u>\$5,049,440</u>	1.8%

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



Wayne County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

	2011	2010	Dollar	Percent
	Amount	Amount	Change	Change
Expenditures by Object:				
Salaries & Benefits	\$2,625,650	\$2,517,152	\$108,498	4.31%
Purchased Services	986,632	880,302	106,330	12.08%
Library Materials	855,866	698,014	157,852	22.61%
Other	194,375	166,252	28,123	16.92%
Total	<u>\$4,662,523</u>	<u>\$4,261,720</u>	<u>\$400,803</u>	9.40%

GENERAL FUND BUDGET INFORMATION

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

The Library's final General Fund actual receipts exceeded estimated receipts by \$93,722, or 1.9%, and the final amended appropriation measure exceeded actual budgetary expenditures by \$345,960, or 6.2%.

DEBT

On November 8, 2005, the voters of Wayne County approved the issuance of a bond anticipation note for the purpose of constructing, furnishing, equipping and otherwise improving new library facilities and improving their sites. The \$6,000,000 Library Improvement Bonds were sold and issued in June 2006. This note was repaid on July 11, 2006 by the proceeds of the bond sale in June of 2006. At December 31, 2011, the balance of these bonds was \$4,750,000. Additional information regarding debt is reported in Note 7 to the basic financial statements.

RESTRICTIONS AND OTHER LIMITATIONS

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

The Library is in the middle of the current biennium budget and the revenue from the PLF is set for 2012 and the first six months of 2013. Funding for the PLF is set to go back to the statutory for the last six months of 2013. It is not practicable to estimate revenues beyond that point in time.

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.

This Page Intentionally Left Blank.

Wayne County Public Library
Statement of Net Assets - Modified Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,479,302
Investments	2,759,362
<i>Total Assets</i>	\$4,238,664
Net Assets	
Restricted for:	
Permanent Fund:	
Non-spendable	\$226,709
Spendable	18,217
Capital Projects	890,940
Debt Service	86,472
Other Purposes	54,782
Unrestricted	2,961,544
<i>Total Net Assets</i>	\$4,238,664

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2011

	Cash	Program Cash Receipts	Net (Disbursements)
	Disbursements	Charges for Services and Sales	Receipts and Changes in Net Assets
			Governmental Activities
Governmental Activities			
Library Services:			
Public Service and Programs	\$2,086,388	\$168,093	(\$1,918,295)
Collection Development and Processing	1,110,323	0	(1,110,323)
Support Services:			
Facilities Operation and Maintenance	638,543	0	(638,543)
Information Services	298,255	0	(298,255)
Business Administration	523,828	0	(523,828)
Capital Outlay	108,097	0	(108,097)
Debt Service:			
Principal Retirement	250,000	0	(250,000)
Interest	214,506	0	(214,506)
<i>Total Governmental Activities</i>	<u>\$5,229,940</u>	<u>\$168,093</u>	<u>(5,061,847)</u>
General Receipts			
Property Taxes Levied for General Purposes			1,809,751
Property Taxes Levied for Library Construction			435,689
Unrestricted Gifts and Contributions			126,554
Grants and Entitlements not Restricted to Specific Programs			3,130,108
Interest			17,398
Miscellaneous			51,533
<i>Total General Receipts</i>			<u>5,571,033</u>
Change in Net Assets			509,186
<i>Net Assets Beginning of Year</i>			<u>3,729,478</u>
<i>Net Assets End of Year</i>			<u>\$4,238,664</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, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$944,124	\$535,178	\$1,479,302
Investments	2,017,420	741,942	2,759,362
<i>Total Assets</i>	<u>\$2,961,544</u>	<u>\$1,277,120</u>	<u>\$4,238,664</u>
Fund Balances			
Nonspendable	\$0	\$226,709	\$226,709
Spendable	0	18,217	18,217
Restricted	0	978,660	978,660
Committed	16,605	53,534	70,139
Assigned	207,817	0	207,817
Unassigned	2,737,122	0	2,737,122
<i>Total Fund Balances</i>	<u>\$2,961,544</u>	<u>\$1,277,120</u>	<u>\$4,238,664</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, 2011

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$1,809,751	\$435,689	\$2,245,440
Intergovernmental	3,069,525	60,583	3,130,108
Patron Fines and Fees	168,093	0	168,093
Contributions, Gifts and Donations	34,639	91,915	126,554
Earnings on Investments	12,174	5,224	17,398
Miscellaneous	47,808	3,725	51,533
<i>Total Receipts</i>	<u>5,141,990</u>	<u>597,136</u>	<u>5,739,126</u>
Disbursements			
Library Services:			
Public Service and Programs	2,086,388	0	2,086,388
Collection Development and Processing	1,101,708	8,615	1,110,323
Support Services:			
Facilities Operation and Maintenance	638,543	0	638,543
Information Services	298,255	0	298,255
Business Administration	523,667	161	523,828
Capital Outlay	13,962	94,135	108,097
Debt Service:			
Principal Retirement	0	250,000	250,000
Interest	0	214,506	214,506
<i>Total Disbursements</i>	<u>4,662,523</u>	<u>567,417</u>	<u>5,229,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	479,467	29,719	509,186
Other Financing Sources (Uses)			
Transfers In	0	350,160	350,160
Transfers Out	(350,160)	0	(350,160)
<i>Total Other Financing Sources (Uses)</i>	<u>(350,160)</u>	<u>350,160</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	129,307	379,879	509,186
<i>Fund Balances Beginning of Year - As Restated</i>	<u>2,832,237</u>	<u>897,241</u>	<u>3,729,478</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,961,544</u></u>	<u><u>\$1,277,120</u></u>	<u><u>\$4,238,664</u></u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$1,795,300	\$1,795,300	\$1,809,751	\$14,451
Intergovernmental	2,987,964	2,987,964	3,069,525	81,561
Patron Fines and Fees	159,379	159,379	168,093	8,714
Contributions, Gifts and Donations	12,940	12,940	13,101	161
Earnings on Investments	25,000	25,000	11,914	(13,086)
Miscellaneous	45,887	45,887	47,808	1,921
<i>Total Receipts</i>	<u>5,026,470</u>	<u>5,026,470</u>	<u>5,120,192</u>	<u>93,722</u>
Disbursements				
Library Services:				
Public Service and Programs	2,148,495	2,176,461	2,177,324	(863)
Collection Development and Processing	1,158,365	1,297,526	1,103,548	193,978
Support Services:				
Facilities Operation and Maintenance	696,263	746,071	642,453	103,618
Information Services	330,025	364,856	331,098	33,758
Business Administration	621,638	603,234	567,112	36,122
Capital Outlay	14,800	19,060	39,553	(20,493)
<i>Total Disbursements</i>	<u>4,969,586</u>	<u>5,207,208</u>	<u>4,861,088</u>	<u>346,120</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>56,884</u>	<u>(180,738)</u>	<u>259,104</u>	<u>439,842</u>
Other Financing Sources (Uses)				
Transfers Out	(350,000)	(350,000)	(350,160)	(160)
<i>Total Other Financing Sources (Uses)</i>	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,160)</u>	<u>(160)</u>
<i>Net Change in Fund Balance</i>	(293,116)	(530,738)	(91,056)	439,682
<i>Unencumbered Fund Balance Beginning of Year</i>	2,547,626	2,547,626	2,547,626	0
<i>Prior Year Encumbrances Appropriated</i>	<u>223,488</u>	<u>223,488</u>	<u>223,488</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$2,477,998</u>	<u>\$2,240,376</u>	<u>\$2,680,058</u>	<u>\$439,682</u>

See accompanying notes to the basic financial statements.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

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

D. Budgetary Process

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

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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

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

The adjustment necessary to convert the results of operations for the year ended December 31, 2011, on the modified cash basis are as follows:

Net Change in Fund Balance

	<u>General</u>
Modified Cash Basis	\$129,307
Perspective Difference:	
Activity of Funds Reclassified for Cash Reporting Purposes	(12,546)
Encumbrances	<u>(207,817)</u>
Budget Basis	<u><u>(\$91,056)</u></u>

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

E. Cash and Cash Equivalents

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

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund and other governmental funds during 2011 amount to \$12,174 and \$5,224, respectively.

F. Net Assets

Net assets represent 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 and Investments equal Net Assets. Net assets 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 assets are available.

No restricted net assets are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance (Continued)

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

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

H. Capital Assets

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

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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;

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

3. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the Library's deposits was \$1,477,677 and the bank balance was \$1,542,740. Of the bank balance, \$1,406,124 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. The Library does not have an investment policy addressing custodial credit risk for deposits beyond the requirements of the Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

3. DEPOSITS AND INVESTMENTS (Continued)

Investments – The Library’s investment policy is limited to complying with state statute. As of December 31, 2011, the Library had the following investments and maturities:

Investment Type	Cost Basis	Less Than	
		1 Year	1 to 3 Years
U.S. Treasury Money Market	\$845,233	\$845,233	\$0
First American Money Market	6,723	6,723	0
Federal National Mortgage Association	250,000	0	250,000
Federal Home Loan Bank	1,650,000	0	1,650,000
Star Ohio	7,406	7,406	0
Total	\$2,759,362	\$859,362	\$1,900,000

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

Credit Risk – Standard and Poor’s has assigned an investment rating of AAAM to Star Ohio and Aaa to the U.S. Treasury Money Market. Moody’s has assigned Aaa to the Federal National Mortgage Association and the Federal Home Loan Bank. Standard and Poor’s has assigned an investment rating of AAAM to the First American Money Market. 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, 2011:

Investment Type	Fair Value	% of Total	Cost Basis	% of Total
U.S. Treasury Money Market	\$845,233	30.63%	\$845,233	30.63%
First American Money Market	6,723	.24%	6,723	.24%
Federal National Mortgage Association	250,123	9.07%	250,000	9.06%
Federal Home Loan Bank	1,649,588	59.79%	1,650,000	59.80%
Star Ohio	7,406	.27%	7,406	.27%
Total	\$2,759,073	100.0%	\$2,759,362	100.0%

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

4. GRANTS-IN-AID AND TAX RECEIPTS

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

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

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

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

5. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy at www.opers.org, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0% for 2011, 2010, and 2009, respectively, for the Library.

The employer contribution rates were 14.0% of covered payroll for 2011, 2010, and 2009, respectively, for the Library.

The Library's contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$287,159, \$270,876, and \$280,299, respectively, which were equal to the required contributions for those years.

6. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issues a stand-alone financial report. Interest parties may obtain a copy at www.opers.org, writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2011, 2010, and 2009, the Library contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits.

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

6. POSTEMPLOYMENT BENEFITS (Continued)

For 2011, the employer contributions allocated to the health care for members of the Traditional Plan was 4.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%. For 2010, the employer contributions allocated to health care for members of the Traditional plan was 5.5% from January 1 through February 28, 2010 and 5% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. For 2009, the employer contributions allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2009, these percentages were 7.0%. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$82,041 for 2011, \$98,346 for 2010, and \$117,634 for 2009.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

7. DEBT

In 2006 the Library issued Library Improvement Bonds in the amount of \$6,000,000 for the construction of a new Library. As of December 31, 2011, principal outstanding was \$4,750,000.

A summary of bond transactions for the year ended December 31, 2011 follows:

	Interest Rate	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Due Within One Year
Governmental Activities:						
Library Improvement Bond 2006 Issue	4.379%	\$5,000,000	\$0	\$250,000	\$4,750,000	\$255,000

The annual requirement to amortize debt outstanding as of December 31, 2011 is as follows:

2006 Library Improvement Bonds			
Year Ending December 31	Principal	Interest	Total
2012	\$255,000	\$205,444	\$460,444
2013	270,000	195,244	465,244
2014	280,000	184,444	464,444
2015	290,000	173,244	463,244
2016	300,000	161,644	461,644
2017-2021	1,705,000	613,614	2,318,614
2022-2025	1,650,000	200,213	1,850,213
Total	\$4,750,000	\$1,733,847	\$6,483,847

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 \$500 a month. The lease expired March 1, 2012. The Library is currently in negotiations for a new lease that would also add additional space.

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 a copier for the Operations Center for a total cost of \$8,860. The lease expires in September of 2014.

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

9. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. During 2011, the Library contracted with the Cincinnati Insurance Company for various types of insurance coverage as follows:

Coverage	Limit
Commercial Property:	
Building	\$17,909,389
Personal Property	1,585,536
Automobile Liability:	
Bodily Injury (each occurrence)	1,000,000
Uninsured Motorists	2,000,000
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 reviewed its coverage needs and altered coverage as it deemed appropriate.

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 2011 were as follows:

	Transfers In	Transfers Out
Major Fund:		
General	\$0	\$350,160
Nonmajor Funds:		
Building and Repair	100,006	0
Vehicle Replacement	50,000	0
Technology	200,154	0
Total Nonmajor Funds	350,160	0
Totals	\$350,160	\$350,160

11. EMPLOYEE BENEFITS

A. Deferred Compensation Plan

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

B. Compensated Absences

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

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

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

12. FUND BALANCES

Fund balance is classified as nonspendable, spendable, 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	All Other Governmental	Total Governmental Funds
Nonspendable			
Endowments	\$0	\$226,709	\$226,709
Spendable			
Endowments	0	18,217	18,217
Restricted for			
Other Purposes	0	1,248	1,248
Building Repair	0	360,266	360,266
Technology	0	280,834	280,834
Debt Services Payments	0	86,472	86,472
Vehicle Replacement	0	249,840	249,840
Total Restricted	0	978,660	978,660
Committed to			
Other Purposes	16,605	53,534	70,139
Assigned to			
Other Purposes	207,817	0	207,817
Unassigned (Deficit)	<u>2,737,122</u>	<u>0</u>	<u>2,737,122</u>
Total Fund Balances	<u>\$2,961,544</u>	<u>\$1,277,120</u>	<u>\$4,238,664</u>

13. CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENT OF BALANCES

For fiscal year 2011, the Library has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The implementation of this statement resulted in the reclassification of certain funds, and resulted in a beginning balance restatement as follows:

	General Fund	Other Governmental Funds	Total
Balance January 1, 2011	\$ 2,771,114	\$ 958,364	\$ 3,729,478
Reclassification of funds	61,123	(61,123)	-
Restated Balance January 1, 2011	<u>\$ 2,832,237</u>	<u>\$ 897,241</u>	<u>\$ 3,729,478</u>

Wayne County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

14. COMMITMENTS

The Library utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed or assigned classifications of fund balance on the balance sheet. As of December 31, 2011, the Library's significant commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Outstanding Balance</u>
General Fund	\$170,729

This page intentionally left blank.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Wayne County Public Library, Wayne County, (the Library), as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 4, 2012, wherein we noted the Library uses a comprehensive accounting basis other than Generally Accepted Accounting Principles, wherein we also noted that the Library implemented GASB statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

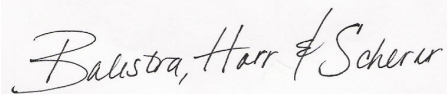
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies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

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

Compliance and Other Matters

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

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

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

Balestra, Harr & Scherer, CPAs, Inc.
May 4, 2012



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
JULY 26, 2012