



Dave Yost • Auditor of State

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wilmington Public Library
Clinton County
268 North South Street
Wilmington, Ohio 45177

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Wilmington Public Library, Clinton County, (the Library) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012 thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Wilmington Public Library, Clinton County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2014

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$558,157			\$558,157
Public Library	539,156			539,156
Intergovernmental	63,041			63,041
Patron Fines and Fees	17,364			17,364
Contributions, Gifts and Donations	37,292			37,292
Earnings on Investments	6,489	\$84		6,573
Miscellaneous	17,239			17,239
<i>Total Cash Receipts</i>	<u>1,238,738</u>	<u>84</u>	<u>\$0</u>	<u>1,238,822</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	898,802			898,802
Capital Outlay	13,278	299,816		313,094
<i>Total Cash Disbursements</i>	<u>912,080</u>	<u>299,816</u>	<u>0</u>	<u>1,211,896</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>326,658</u>	<u>(299,732)</u>	<u>0</u>	<u>26,926</u>
Other Financing Receipts (Disbursements)				
Transfers In		125,000		125,000
Transfers Out	(125,000)			(125,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(125,000)</u>	<u>125,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	201,658	(174,732)	0	26,926
<i>Fund Cash Balances, January 1</i>	<u>915,102</u>	<u>450,646</u>	<u>6,035</u>	<u>1,371,783</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	5,500	5,500
Restricted	0	275,914	535	276,449
Committed	0	0	0	0
Assigned	64,170	0	0	64,170
Unassigned (Deficit)	1,052,590	0	0	1,052,590
<i>Fund Cash Balances, December 31</i>	<u>\$1,116,760</u>	<u>\$275,914</u>	<u>\$6,035</u>	<u>\$1,398,709</u>

The notes to the financial statements are an integral part of this statement

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Agency</u>
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	<u>\$0</u>
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>15,387</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$15,387</u></u>

The notes to the financial statements are an integral part of this statement.

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$531,928			\$531,928
Public Library	537,403			537,403
Intergovernmental	62,011			62,011
Patron Fines and Fees	19,691			19,691
Contributions, Gifts and Donations	12,745			12,745
Earnings on Investments	8,544	\$173		8,717
Miscellaneous	6,607			6,607
<i>Total Cash Receipts</i>	<u>1,178,929</u>	<u>173</u>	<u>\$0</u>	<u>1,179,102</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	809,047			809,047
Capital Outlay	16,941	111,536		128,477
<i>Total Cash Disbursements</i>	<u>825,988</u>	<u>111,536</u>	<u>0</u>	<u>937,524</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>352,941</u>	<u>(111,363)</u>	<u>0</u>	<u>241,578</u>
Other Financing Receipts (Disbursements)				
Transfers In		225,000		225,000
Transfers Out	(225,000)			(225,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(225,000)</u>	<u>225,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	127,941	113,637	0	241,578
<i>Fund Cash Balances, January 1, restated</i>	<u>787,161</u>	<u>337,009</u>	<u>6,035</u>	<u>1,130,205</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	5,500	5,500
Restricted	0	450,646	535	451,181
Assigned	57,563		0	57,563
Unassigned (Deficit)	857,539	0	0	857,539
<i>Fund Cash Balances, December 31</i>	<u>\$915,102</u>	<u>\$450,646</u>	<u>\$6,035</u>	<u>\$1,371,783</u>

The notes to the financial statements are an integral part of this statement.

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Agency</u>
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	<u>\$0</u>
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>15,387</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$15,387</u></u>

The notes to the financial statements are an integral part of this statement.

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Wilmington Public Library, Clinton County, (the Library) as a body corporate and politic. Clinton County Board of County Commissioners and the Common Pleas Court Judge appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Building Repair Fund – established to be used for library remodeling and construction.

Land Acquisition and Improvement Fund – established to be used for purchase of land and improvements to property.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry).

4. Agency Funds

Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant agency fund:

Regional Library Account – used to account for funds held by the Library for the SWORL Group, and organization made up of local libraries that participated in interlibrary loan services.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Library classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. The Library reported \$5,500 in principal as nonspendable in the Permanent Fund. Trust agreements require the principal to be maintained intact.

2. Restricted

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

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits and Investments

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$895,886	\$814,944
Certificates of deposit	7,449	61,720
Money market savings account	75,276	75,190
Total deposits	978,611	951,854
Investments		
Star Ohio	435,485	435,316
Total deposits and investments	\$1,414,096	\$1,387,170

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending 2012 and 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,286,122	\$1,288,738	\$2,616
Capital Projects	125,085	125,084	(1)
Total	\$1,411,207	\$1,413,822	\$2,616

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,166,547	\$1,115,233	\$51,314
Capital Projects	300,000	303,746	(3,746)
Total	\$1,466,547	\$1,418,979	\$47,568

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,203,527	\$1,203,928	\$402
Capital Projects	225,150	225,173	23
Total	\$1,428,677	\$1,429,102	\$425

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,154,771	\$1,091,911	\$62,861
Capital Projects	255,000	129,919	125,081
Total	\$1,409,771	\$1,221,829	\$187,942

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County 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 the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible 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.

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Retirement Systems

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed \$48,525.64 (10%) and \$44,725.46 (10%), respectively, of their gross salaries and the Library contributed an amount equaling \$67,936.14 (14%) and \$62,615.87 (14%), respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2013.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Building & Personal Property;
- Boiler & Machinery;
- Electronic Equipment;
- Governmental General Liability;
- Employee Benefits Liability;
- Public Officials Liability; and
- Crime Coverage.

7. Fund Reclassification and Restatement

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions 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 comprised a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The Library has reclassified the fund balances below to comply with GASB Statement No. 54, which resulted in the following change to fund balances at December 31, 2011, as previously reported:

	General Fund	Special Revenue Fund Type
Fund Balance previously reported at 12/31/11	\$708,134	\$79,027
Reclassification of Funds	79,027	(79,027)
Fund Balance, Restated at 1/1/12	\$787,161	-0-



Dave Yost • Auditor of State

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

Wilmington Public Library
Clinton County
268 North South Street
Wilmington, Ohio 45177

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 Wilmington Public Library, Clinton County, (the Library) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2014, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2013-002.

Entity's Response to Findings

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2014

**WILMINGTON PUBLIC LIBRARY
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

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

In prior years, the Library received money for trusts that was reported in the Special Revenue Gift Fund, however there were no externally imposed restrictions on the use of the funds. Sources of revenue for this fund during 2012 and 2013 were transfers of funds from the General Fund.

The Library reported the Technology Fund as a Special Revenue Fund; however there are no externally imposed restrictions of the use of monies in this fund. The source of revenue for this fund was transfers of monies from the General Fund.

Under GASB 54 guidelines, the Library should have reported the money with no restrictions as unassigned in the General Fund. This resulted in the reclassification of Special Revenue expenditures to the General Fund in the amounts of \$20,027 for 2012 and \$18,402 for 2013, resulting following fund balance adjustment to the financial statements:

2012	General Fund	Special Revenue Fund Type
Fund Balance reported at 12/31/12	\$831,085	\$84,017
Reclassification of Gifts Fund	26,454	(26,454)
Reclassification of Technology Fund	57,563	(57,563)
Fund Balance, Restated at 12/31/12	\$915,102	-0-

2013	General Fund	Special Revenue Fund Type
Fund Balance reported at 12/31/13	\$1,001,136	\$115,624
Reclassification of Gifts Fund	51,454	(51,454)
Reclassification of Technology Fund	64,170	(64,170)
Fund Balance, Restated at 12/31/13	\$1,116,760	-0-

The Daugherty Fund (4501), Peelle Fund (4502), and West Fund (4503) include principal in the amount of \$5,500 reported in the Permanent Funds as restricted. GASB 54 requires monies to be reported as non-spendable when principal is legally or contractually required to be maintained intact. The Library recorded audit adjustments to classify fund balance related to the principal amounts in the Permanent Funds as non-spendable.

Misclassification of fund balances and fund balance classifications results in inaccurate financial statement presentation of the availability of Library funds.

We recommend that the Library review the GASB 54 statement and classify fund balances in accordance with the GASB 54 statement when preparing the financial statements. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation. The accompanying financial statements have been adjusted to reflect this change.

**FINDING NUMBER 2013-001
 (Continued)**

Officials' Response:

The Technology Fund and the Gifts Fund have been integrated into the General Fund and any purchases made for technology or with money from bequests will be tracked using cost centers. The Daugherty, Peelle and West Funds have been reclassified correctly with the non-spendable principal and the expendable interest. The misclassification of the above funds does not affect the bottom line of the Library's finances.

FINDING NUMBER 2013-002

Noncompliance/Significant Deficiency

Ohio Administrative Code Section 117-2-02(A) provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analysis, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Library did not post the following transactions to the proper account codes, and therefore, they were reported in an incorrect account classification on the financial statements:

General Fund	Item	Amount	Proper Classification	Classification Reported
2012	Homestead & Rollback Distribution	\$ 62,011	Intergovernmental	Taxes
2013	Homestead & Rollback Distribution	\$ 63,041	Intergovernmental	Taxes

Failure to properly post transactions: 1) resulted in inaccurate financial statements, 2) reduces the accountability over Library funds, 3) reduces the Board's ability to monitor financial activity and make informed financial decisions. We recommend that the fiscal officer review the chart of accounts to assure that items are being posted to the proper funds and account codes.

The Library Officials agreed to reclassifications and adjustments to correctly report the above items, and the corrections were posted to the accompanying financial statements.

Officials' Response:

The "Real Property Tax Rollback" received from the state of Ohio was posted to the account code "General Property Tax – Real Estate" instead of to the account code "Property Tax Allocation". These account codes are both within the General Fund and the incorrect entry of the receipt did not affect the bottom line of the Library's finances. The correct account code will be used in the future.



Dave Yost • Auditor of State

WILMINGTON PUBLIC LIBRARY

CLINTON 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 21, 2014**