



Dave Yost • Auditor of State

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Orrville Public Library
Wayne County
230 N. Main Street
Orrville, Ohio 44667

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orrville Public Library, Wayne County, Ohio (the Library), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Orrville Public Library, Wayne County, Ohio, as of December 31, 2013, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

Management's Discussion & Analysis includes tables of net position, changes in net position, and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 8, 2014

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**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

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

Highlights

Key highlights for 2013 are as follows:

Net assets of governmental activities increased \$91,020 or 10.9 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized an increase in State Funding. Additional savings were seen in lower expenditures as the library was without a Director for three months and fewer employees elected to enroll in the Library's health insurance.

The Library's general receipts are primarily State of Ohio Public Library Funds and property taxes. These receipts represent respectively 55 and 35 percent of the total cash received for governmental activities during the year. Property tax receipts for 2013 were basically the same as 2012.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

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

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base and the condition of the Library's capital assets and infrastructure.

In the statement of net position and the statement of activities the Library presents a single type of activity, governmental activities. All of the Library's programs and services are reported here, including public services and programs, collection development and processing, facilities operation and maintenance, information services and business administration. These services are primarily funded by intergovernmental and tax receipts.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - The Library's activities are reported in governmental fund financial statements, which provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2013 compared to 2012 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2013	2012
Assets		
Cash and Cash Equivalents	\$ 299,083	\$ 202,638
Investments	628,489	633,914
Total Assets	927,572	836,552
 Net Position		
Restricted for:		
Other Purposes	7,967	7,962
Unrestricted	919,605	828,590
Total Net Position	\$ 927,572	\$ 836,552

As mentioned previously, net position of governmental activities increased \$91,020 or 10.9 percent during 2013. The primary reasons contributing to the increases in cash balances are as follows:

- The State of Ohio Public Library Funds Revenue increased by \$11,665 or 2.3% over 2012.
- Expenses were less than appropriated as the Library did not have a Director for three months and some of the employees elected not to enroll in the Library's health insurance plan.
- The Board of Trustees elected to transfer \$30,000 in excess cash from the General Fund to the Building & Repair Fund for repairs that will be needed in the next five to ten years.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

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

(Table 2)
Changes in Net Position

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$38,755	\$40,775
Operating Grants and Contributions	6,593	20,677
Total Program Receipts	<u>45,348</u>	<u>61,452</u>
General Receipts:		
Property and Other Local Taxes	331,364	331,366
Public Library Funds	519,788	508,123
Unrestricted Grants, Gifts and Contributions	37,586	30,338
Interest	3,106	5,117
Miscellaneous	358	120
Total General Receipts	<u>892,202</u>	<u>875,064</u>
Total Receipts	<u>937,550</u>	<u>936,516</u>
Disbursements:		
Library Services:		
Public Services and Programs	395,436	395,694
Collection Development and Proc.	131,306	139,620
Support Services:		
Facilities Operation and Maintenance	121,908	117,778
Information Services	53,512	49,829
Business Administration	144,368	160,507
Total Disbursements	<u>846,530</u>	<u>863,428</u>
Increase in Net Position	91,020	73,088
Net Assets, January 1	<u>836,552</u>	<u>763,464</u>
Net Assets, December 31	<u><u>\$927,572</u></u>	<u><u>\$836,552</u></u>

General receipts represent 95 percent of the Library's total receipts, and of this amount, over 37 percent are local taxes. The Library received no State and federal grants or entitlements. Miscellaneous and interest make up the balance of the Library's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Business Administration represent the overhead costs of running the Library and the support services provided for its activities. These include the costs of the Board of Trustees, the Director, and the Fiscal Officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 20 % of General Fund unrestricted receipts.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

Library Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Library. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
Library Services:				
Public Services and Programs	\$ 395,436	\$ 350,088	\$ 395,694	\$ 334,242
Collection Development and Proc.	131,306	131,306	139,620	139,620
Support Services:				
Facilities Operation and Maintenance	121,908	121,908	117,778	117,778
Information Services	53,512	53,512	49,829	49,829
Business Administration	144,368	144,368	160,507	160,507
Total Disbursements	<u>\$ 846,530</u>	<u>\$ 801,656</u>	<u>\$ 863,428</u>	<u>\$ 801,976</u>

The dependence upon property tax receipts is lower in 2013 than 2012 as 35 percent of governmental activities are supported through these general receipts.

The Library's Funds

Total governmental funds had receipts of \$937,550 and disbursements of \$846,530. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased by \$61,467 as the result of reduced full-time staff, which resulted in less employees on health insurance and the lack of a full-time Director for three months.

General Fund receipts were more than disbursements by \$61,467 indicating that the General Fund is in a positive spending situation. The Board of Directors transferred \$30,000 of the \$91,467 General Fund excess to the Building & Repair Fund to plan for large expenses that will occur in the next 5 to 10 years.

General Fund Budgeting Highlights

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

During 2013 the Library spent less than budgeted to reflect concerns over state funding. Final budgeted receipts were slightly more than original budgeted receipts due to the additional PLF receipts.

Final actual disbursements were \$849,577. Although receipts were less than expected, appropriations were not reduced but expenses were. The Library spent fewer funds than budgeted as demonstrated by the minor reported variances. The result is the increase in the General Fund balance of \$57,946.

ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2013, the Library had no outstanding debt.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on the State of Ohio taxes. Our newly prepared financial forecast predicted a deficit for 2014; therefore, the finance committee and the administration implemented a strategy to lessen the deficit. The Library Board of Trustees has instructed the Director and Fiscal Officer to inquire into Grants as well as lowering costs wherever possible.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Patricia K. Carr, Fiscal Officer, Orrville Public Library, 230 N. Main Street, Orrville, Ohio 44667.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 299,083
Investments	628,489
	<hr/>
<i>Total Assets</i>	<u><u>\$ 927,572</u></u>
Net Position	
Restricted for:	
Permanent Fund	\$ 1,504
Arnold Trust Fund - Expendable	6,463
Unrestricted	919,605
	<hr/>
<i>Total Net Position</i>	<u><u>\$ 927,572</u></u>

See accompanying notes to the basic financial statements.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$ 395,436	\$ 38,755	\$ 6,593	\$ (350,088)
Collection Development and Processing	131,306	-	-	(131,306)
Support Services:				
Facilities Operation and Maintenance	121,908	-	-	(121,908)
Information Services	53,512	-	-	(53,512)
Business Administration	144,368	-	-	(144,368)
<i>Total Governmental Activities</i>	<u>\$ 846,530</u>	<u>\$ 38,755</u>	<u>\$ 6,593</u>	<u>(801,182)</u>
General Receipts:				
				331,364
Property Taxes Levied for General Purposes				519,788
State PLF				37,586
Unrestricted Grants, Gifts and Contributions				3,106
Earnings on Investments				358
Miscellaneous				<u>892,202</u>
<i>Total General Receipts</i>				<u>892,202</u>
Change in Net Position				91,020
<i>Net Position Beginning of Year</i>				<u>836,552</u>
<i>Net Position End of Year</i>				<u>\$ 927,572</u>

See accompanying notes to the basic financial statements.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Building & Repair Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 262,618	\$ 30,002	\$ 6,463	\$ 299,083
Investments	254,351	372,634	1,504	628,489
<i>Total Assets</i>	<u>516,969</u>	<u>402,636</u>	<u>7,967</u>	<u>927,572</u>
Fund Balances				
Nonspendable	-	-	1,500	1,500
Restricted	-	-	6,467	6,467
Committed	-	402,636	-	402,636
Assigned	58,104	-	-	58,104
Unassigned	458,865	-	-	458,865
<i>Total Fund Balances</i>	<u>\$ 516,969</u>	<u>\$ 402,636</u>	<u>\$ 7,967</u>	<u>\$ 927,572</u>

See accompanying notes to the basic financial statements.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Building & Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 331,364	\$ -	\$ -	\$ 331,364
Public Library	519,788	-	-	519,788
Intergovernmental	36,900	-	-	36,900
Patron Fines and Fees	38,755	-	-	38,755
Contributions, Gifts and Donations	7,279	-	-	7,279
Earnings on Investments	3,079	22	5	3,106
Miscellaneous	358	-	-	358
<i>Total Receipts</i>	<u>937,523</u>	<u>22</u>	<u>5</u>	<u>937,550</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	395,436	-	-	395,436
Collection Development and Processing	131,306	-	-	131,306
Support Services:				
Facilities Operation and Maintenance	121,434	474	-	121,908
Information Services	53,512	-	-	53,512
Business Administration	144,368	-	-	144,368
<i>Total Disbursements</i>	<u>846,056</u>	<u>474</u>	<u>-</u>	<u>846,530</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>91,467</u>	<u>(452)</u>	<u>5</u>	<u>91,020</u>
Other Financing Sources (Uses)				
Transfers In	-	30,000	-	30,000
Transfers Out	(30,000)	-	-	(30,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	61,467	29,548	5	91,020
<i>Fund Balances Beginning of Year</i>	<u>455,502</u>	<u>373,088</u>	<u>7,962</u>	<u>836,552</u>
<i>Fund Balances End of Year</i>	<u>\$ 516,969</u>	<u>\$ 402,636</u>	<u>\$ 7,967</u>	<u>\$ 927,572</u>

See accompanying notes to the basic financial statements.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 334,866	\$ 331,366	\$ 331,364	\$ (2)
Public Library	522,150	522,150	519,788	(2,362)
Intergovernmental	33,844	45,844	36,900	(8,944)
Patron Fines and Fees	43,000	43,000	38,755	(4,245)
Contributions, Gifts and Donations	25,000	16,500	7,279	(9,221)
Earnings on Investments	6,000	6,000	3,079	(2,921)
Miscellaneous	1,000	1,000	358	(642)
<i>Total Receipts</i>	<u>965,860</u>	<u>965,860</u>	<u>937,523</u>	<u>(28,337)</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	463,689	463,689	395,436	68,253
Collection Development and Processing	147,990	147,990	134,827	13,163
Support Services:				
Facilities Operation and Maintenance	152,934	152,934	121,434	31,500
Information Services	64,600	64,600	53,512	11,088
Business Administration	180,726	180,726	144,368	36,358
<i>Total Disbursements</i>	<u>1,009,939</u>	<u>1,009,939</u>	<u>849,577</u>	<u>160,362</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,079)</u>	<u>(44,079)</u>	<u>87,946</u>	<u>132,025</u>
Other Financing (Uses)				
Transfers Out	-	-	(30,000)	(30,000)
<i>Total Other Financing (Uses)</i>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
<i>Net Change in Fund Balance</i>	(44,079)	(44,079)	57,946	102,025
<i>Unencumbered Fund Balance Beginning of Year</i>	447,003	447,003	447,003	-
Prior Year Encumbrances Appropriated	8,499	8,499	8,499	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 411,423</u>	<u>\$ 411,423</u>	<u>\$ 513,448</u>	<u>\$ 102,025</u>

See accompanying notes to the basic financial statements.

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**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1 – Description of the Library and Reporting Entity

The Orrville Public Library was organized as a school district public library in 1925 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Orrville City Schools Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

The statement of net position 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 activity is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

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 nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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

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

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

E. Cash and Cash Equivalents

The library deposits and invests cash from all funds mainly in Certificates of Deposit. The financial statements represent each fund's share of interest in the pool as equity in pooled cash and cash equivalents on the financial statements.

The Library specifies the funds that the Certificates of Deposit are purchased for and allocates interest to the fund which purchased the Certificate of Deposit, unless allocated per a board approved Resolution.

Interest receipt credited to the general fund during 2013 amounted to \$3,079 which includes \$1,395 assigned from other Library funds.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$3,521 for the General Fund.

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (continued)

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).

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$300 in undeposited cash on hand which is included as part of "Cash" or "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments (Including Repurchase Agreements). At year end, the carrying amount of the Library's deposits was \$299,083 and the bank balance was \$319,765. Of the bank balance \$267,587 was covered by federal depository insurance and \$52,178 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Custodial credit risk for deposits is the risk that in the event of 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, \$52,178 of the Library's bank balance of \$267,587 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (continued)

Investments

GASB Statement No. 3 “Deposits with Financial Institutions, investments and Reverse Repurchase Agreements” requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party’s trust department or agent in the Library’s name. Category 2 includes uninsured and unregistered investments which are held by the counter party’s trust department or agent in the Library’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party’ or by its trust department but not in the Library’s name. At December 31, 2013, the Library had \$628,489 invested in certificates of deposit.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy does not address interest rate risk.

Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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

Note 5 - 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 2013 the Library contracted with several companies for various types of insurance coverage as follows:

- Comprehensive property and general liability
- Vehicles
- Commercial crime
- Valuable papers
- Errors & Omissions
- Surety bonds; and
- Program activities

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

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 6 - Defined Benefit Pension Plan

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll.

The Library's contribution rate for 2013 was 14 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$57,220, \$58,927, and \$58,463, respectively. The full amount has been contributed for 2013, 2012 and 2011. Contributions to the member-directed plan for 2013 were \$57,220 made by the Library and \$40,872 made by the plan members.

Note 7 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB *statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2013 local government employer contribution rate was 14.00 percent of covered payroll; 4.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' most recent review performed as of December 31, 2012, include a rate of return on investments of 14.4 percent, an annual decrease in active employee total payroll of 0.58 percent. As a long-term investor, OPERS manages its asset allocation to maximize its returns, while managing risk. Returns have fluctuated significantly over the past several years as the economy continues to recover.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 7 - Postemployment Benefits (continued)

Pension benefits and post-employment health care expenses continue to rise as the baby-boomer generation reaches normal retirement age. However, unlike the national trend of 4.0 percent, plan design changes approved by the Board of Trustees limited the growth in retiree and dependent health care expenses to only 2.1 percent. The Health Care Preservation Plan 3.0 changes approved by the Board in 2012 have staggered effective dates and transition plans. For a complete discussion of changes to pension and health care eligibility and transition plans, please see OPERS' *Comprehensive Guide to Pension and Health Care Changes* at www.opers.org.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Over the past 30 years, three substantial drops in stock market performance have occurred. Despite these fluctuations, OPERS has averaged an 8.55 percent return on investments – further evidence of successful, long-term investment strategy. Retiree pensions are 100 percent funded at the time the member retires, with reserves transferred to the pension funds from which these benefits are paid.

The number of active contributing participants in the traditional and combined plans was 348,235. Actual employer contributions for 2012 (most recent information available) which were used to fund postemployment benefits were \$1,778,728,716. OPERS' net position available for payment of benefits at December 31, 2012 (most recent information available) were \$81 billion.

Note 8 – Property Tax

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Orrville City School District. Property tax revenue received during 2013 represents collections of the 2012 taxes. Real Property tax payments received during 2013 were levied on the assessed values as of January 1, 2012. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established

Public utility property receipts received in 2013 represents the collection of 2012 taxes. Public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

2013 tangible personal property taxes are levied after October 1, 2012, on the value as of December 31, 2012. Collections are made in 2013. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventories. Amounts paid by multi-county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 8 – Property Tax (continued)

The full tax rate for all Library operations for the year ended December 31, 2013, was \$1.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property	
Residential	\$136,995,910
Agriculture	10,037,430
Commercial/Industrial/Mineral	73,869,840
Public Utility Property	
Real	180,300
Personal	1,758,730
Total Assessed Value	<u>\$222,842,210</u>

Note 9 – 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. **Non-spendable**

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

2. **Restricted**

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

3. **Committed**

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

**ORRVILLE PUBLIC LIBRARY
WAYNE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 9 – Fund Balance (continued)

4. Assigned

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

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 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 classification could be used.

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Dave Yost • Auditor of State

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

Orrville Public Library
Wayne County
230 N. Main Street
Orrville, Ohio 44667

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orrville Public Library, Wayne County, Ohio (the Library) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 8, 2014, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

August 8, 2014



Dave Yost • Auditor of State

ORRVILLE PUBLIC LIBRARY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 7, 2014**