



OHIO AUDITOR OF STATE
KEITH FABER



WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Washington-Centerville Public Library
Montgomery County
111 West Spring Valley Road
Centerville, Ohio 45458

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Washington-Centerville Public Library, Montgomery County, Ohio (the Library).

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 such 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.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Efficient • Effective • Transparent

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2020 and 2019, and the respective changes in financial position 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 cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Library, 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 2.

Emphasis of Matter

As discussed in Note 12 (for the year ended December 31, 2020) and Note 10 (for the year ended December 31, 2019) to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2021

Washington-Centerville Public Library
Montgomery County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$4,673,052			\$4,673,052
Public Library	2,497,095			2,497,095
Intergovernmental	630,328	\$53,000		683,328
Patron Fines and Fees	56,994			56,994
Contributions, Gifts and Donations	7,288			7,288
Earnings on Investments	122,665			122,665
Miscellaneous	47,155			47,155
<i>Total Cash Receipts</i>	<u>8,034,577</u>	<u>53,000</u>	<u>0</u>	<u>8,087,577</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	813,987	50,068		864,055
Collection Development and Processing	1,750,866			1,750,866
Support Services:				
Facilities Operation and Maintenance	587,303			587,303
Information Services	1,249,475			1,249,475
Business Administration	1,245,355			1,245,355
Capital Outlay	930,033		\$42,851	972,884
<i>Total Cash Disbursements</i>	<u>6,577,019</u>	<u>50,068</u>	<u>42,851</u>	<u>6,669,938</u>
<i>Net Change in Fund Cash Balances</i>	1,457,558	2,932	(42,851)	1,417,639
<i>Fund Cash Balances, January 1</i>	<u>8,762,067</u>	<u>0</u>	<u>1,247,800</u>	<u>10,009,867</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$10,219,625</u></u>	<u><u>\$2,932</u></u>	<u><u>\$1,204,949</u></u>	<u><u>\$11,427,506</u></u>

See accompanying notes to the basic financial statements

Washington-Centerville Public Library
Montgomery County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund
For the Year Ended December 31, 2020

	Private Purpose Trust
Additions	
Gifts and Donations	\$4,941
<i>Total Additions</i>	4,941
Deductions	
Other Distributions	4,200
<i>Total Deductions</i>	4,200
<i>Net Change in Fund Balances</i>	741
<i>Fund Cash Balances, January 1</i>	2,998
<i>Fund Cash Balances, December 31</i>	\$3,739

See accompanying notes to the basic financial statements.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Washington-Centerville Public Library (the Library), Montgomery County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Centerville City School Board of Education appoints a 7-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. Control and management of the Library is governed by sections 3375.33 and 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

The Friends of the Washington-Centerville Public Library is established as a 501(c)3 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. Financial reports from the Friends of the Washington-Centerville Public Library are available for review.

Public Entity Risk Pool

The Library participates in a public entity risk pool (Ohio Plan Risk Management, Inc.). Note 6 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type.

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 funds of the Library are presented below:

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

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Coronavirus Mini Grant Fund This fund is used for the purchase of PPE and other coronavirus expenses.

CARES Act Grant Fund This fund is used for the purchase of PPE and other coronavirus expenses.

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:

Building Fund This fund is used for the acquisition of property and building, additions, repairs, and improvements.

Permanent Improvement Fund This fund is used for the purchase of new computer systems, equipment, and upgrades for the ILS system.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Library's private purpose trust fund is for the benefit of certain individuals.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered 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 2020 budgetary activity appears in Note 3.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

The Library values U.S. Treasury Notes and certificates of deposit at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. The investment in STAR Plus is valued at amounts reported by the State Treasurer. The money market funds account is held as a settlement account for when investments are called, matured, or purchased and is recorded at share values the mutual fund reports.

Capital Assets

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

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.

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:

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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.

Committed The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,938,363	\$8,034,577	\$96,214
Special Revenue	53,000	53,000	0
Capital Projects	50,000	0	(50,000)
Private Purpose Trust	4,700	4,941	241
Total	\$8,046,063	\$8,092,518	\$46,455

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,990,516	\$7,440,917	\$1,549,599
Special Revenue	53,000	53,000	0
Capital Projects	134,231	52,451	81,780
Private Purpose Trust	4,700	4,700	0
Total	\$9,182,447	\$7,551,068	\$1,631,379

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$3,074,430
Certificates of deposit	\$250,000
Money market account	21,345
Total deposits	3,345,775
U.S. Treasury Notes	3,650,389
STAR Ohio	1,933,812
STAR Plus	2,501,269
Total investments	8,085,470
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$11,431,245

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Library’s U.S. Treasury Notes in book-entry form by, in the name of the Library’s financial institution. The financial institution maintains records identifying the Library as owner of these securities as well as certificates of deposit.

Investments in STAR Ohio, STAR Plus and money market accounts are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Cash Receipts. 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.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 6 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Health Insurance

Health insurance is provided to the Library by the Centerville City Schools, who implemented a self-insured plan administered by a private carrier beginning January 1, 2012. Dental and vision coverage is also provided to fully benefited employees through the private carrier for the Centerville City Schools.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Library 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library approved a fringe benefit pick-up plan for all fully-benefited employees working at least 20 hours per week. The Library has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Construction and Contractual Commitments

On April 21, 2020, the Library approved a bid from Outdoor Enterprises in the amount of \$548,854 with \$17,000 bad soil and \$13,500 site furnishing allowances for the replacement of the Centerville parking lot. On May 7, 2020 the Library approved an additional \$275,000 for soil stabilization. The project was funded with internal funds in the General Fund.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies				\$0
Corpus				0
Outstanding Encumbrances	863,898	2,932	9,600	876,430
 Total	 \$863,898	 \$2,932	 \$9,600	 \$876,430

The fund balance of special revenue funds is restricted. The fund balance of capital projects funds is committed. These restricted and committed amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Library received \$53,000 in CARES Act funding. This amount is recorded in the CARES Act Grant Special Revenue Funds.

Note 13 – Change in Accounting Principle

For 2020, the Library has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. These changes did not result in restatement of any fund balances for the Library.

Washington-Centerville Public Library
Montgomery County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$4,627,213		\$4,627,213
Public Library	2,369,537		2,369,537
Intergovernmental	629,887		629,887
Patron Fines and Fees	204,850		204,850
Contributions, Gifts and Donations	135,291		135,291
Earnings on Investments	156,825		156,825
Miscellaneous	23,512		23,512
<i>Total Cash Receipts</i>	<u>8,147,115</u>	<u>0</u>	<u>8,147,115</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	1,200,829		1,200,829
Collection Development and Processing	1,929,933		1,929,933
Support Services:			
Facilities Operation and Maintenance	748,739		748,739
Information Services	1,409,995		1,409,995
Business Administration	1,373,173		1,373,173
Capital Outlay	608,032	\$124,027	732,059
<i>Total Cash Disbursements</i>	<u>7,270,701</u>	<u>124,027</u>	<u>7,394,728</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>876,414</u>	<u>(124,027)</u>	<u>752,387</u>
Other Financing Receipts (Disbursements)			
Transfers In		100,000	100,000
Transfers Out	(100,000)		(100,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,000)</u>	<u>100,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	776,414	(24,027)	752,387
<i>Fund Cash Balances, January 1</i>	<u>7,985,653</u>	<u>1,271,827</u>	<u>9,257,480</u>
Fund Cash Balances, December 31			
Committed		1,247,800	1,247,800
Assigned	1,137,654		1,137,654
Unassigned (Deficit)	7,624,413		7,624,413
<i>Fund Cash Balances, December 31</i>	<u>\$8,762,067</u>	<u>\$1,247,800</u>	<u>\$10,009,867</u>

See accompanying notes to the basic financial statements.

Washington-Centerville Public Library
Montgomery County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund
For the Year Ended December 31, 2019

	Private Purpose Trust
Operating Cash Receipts	
Contributions, Gifts and Donations	\$4,874
<i>Total Operating Cash Receipts</i>	<u>4,874</u>
Operating Cash Disbursements	
Supplies	4,600
<i>Total Operating Cash Disbursements</i>	<u>4,600</u>
<i>Operating Income</i>	274
<i>Fund Cash Balances, January 1</i>	<u>2,724</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,998</u></u>

See accompanying notes to the basic financial statements.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Washington-Centerville Public Library (the Library), Montgomery County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Centerville City School Board of Education appoints a 7-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. Control and management of the Library is governed by sections 3375.33 and 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

The Friends of the Washington-Centerville Public Library is established as a 501(c)3 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. Financial reports from the Friends of the Washington-Centerville Public Library are available for review.

Public Entity Risk Pool

The Library participates in a public entity risk pool (Ohio Plan Risk Management, Inc.). Note 6 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type.

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 funds of the Library are presented below:

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

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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:

Building Fund This fund is used for the acquisition of property and building, additions, repairs, and improvements.

Permanent Improvement Fund This fund is used for the purchase of new computer systems, equipment, and upgrades for the ILS system.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and agency funds. Trust funds account for assets held under a trust agreement.

The Library's private purpose trust fund is for the benefit of certain individuals.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered 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 2019 budgetary activity appears in Note 3.

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.

The Library values U.S. Treasury Notes and bankers acceptances at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. The investment in STAR Plus is valued at amounts reported by the State Treasurer. The money market funds account is held as a settlement account for when investments are called, matured, or purchased and is recorded at share values the mutual fund reports.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Capital Assets

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

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.

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:

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,592,677	\$8,147,115	\$554,438
Capital Projects	100,000	100,000	0
Private Purpose Trust	4,400	4,874	474
Total	\$7,697,077	\$8,251,989	\$554,912

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$9,386,963	\$8,009,152	\$1,377,811
Capital Projects	651,950	124,258	527,692
Private Purpose Trust	4,757	4,600	157
Total	\$10,043,670	\$8,138,010	\$1,905,660

Note 4 – 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:

Demand deposits	2019 \$1,549,369
Money market account	19,306
Total deposits	1,568,675
U.S. Treasury Notes	7,657,515
STAR Ohio	5,197
STAR Plus	632,020
Bankers Acceptances	149,458
Total investments	8,444,190
<i>Total deposits and investments</i>	\$10,012,865

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Investments

The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form by, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities as well as bankers acceptances.

Investments in STAR Ohio, STAR Plus and money market accounts are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Cash Receipts. 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.

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

Note 6 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged; however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Health Insurance

Health insurance is provided to the Library by the Centerville City Schools, who implemented a self-insured plan administered by a private carrier beginning January 1, 2012. Dental and vision coverage is also provided to fully benefited employees through the private carrier for the Centerville City Schools.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Library 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library approved a fringe benefit pick-up plan for all fully-benefited employees working at least 20 hours per week. The Library has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Washington-Centerville Public Library
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Construction and Contractual Commitments

On March 19, 2019, the Library approved a contract with BK Contracting in the amount of \$220,000 for the Woodbourne Library partial roof replacement. The project was funded with internal funds in the Library's General Fund.

On December 17, 2019, the Library approved the repayment of the Dorothy Yeck Endowment for the Arts at Woodbourne from the Yeck Family Foundation. The Yeck Family foundation originally promised funds for the Woodbourne Library Children's Garden and Sunscreen Refurbishment in 2018. The repayment was made through the General Fund.

Note 10 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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

Washington-Centerville Public Library
Montgomery County
111 West Spring Valley Road
Centerville, Ohio 45458

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 cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Washington-Centerville Public Library, Montgomery County, (the Library) and have issued our report thereon dated September 3, 2021, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and the financial impact of COVID-19 and the continuing emergency measures which will impact subsequent periods of the Library.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 3, 2021

WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019

FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-001

Material Weakness – Financial Statement Misstatement

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Library's financial statements for 2020 contained the following error due to lack of controls over review of the financial statements which was identified as material and has been adjusted in the accompanying financial statements:

The Library erroneously reported CARES Act funding received in the amount of \$53,000 in Special Revenue funds as Miscellaneous cash receipts instead of Intergovernmental cash receipts during 2020. As a result, Miscellaneous cash receipts was overstated by \$53,000 and Intergovernmental cash receipts was understated by the same amount.

The Library should develop and implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials' Response:

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

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washingtoncenterville
PUBLIC LIBRARY

Centerville Library
111 W. Spring Valley Road
Centerville, OH 45458
(937) 433-8091

Woodbourne Library
6060 Far Hills Avenue
Centerville, OH 45459
(937) 435-3700

www.wclibrary.info

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness - Financial Statement Errors: Exclusion of a portion of the 2018 General Fund and Fiduciary Fund and misclassification of 2017 & 2018 funds per GASB 1800.173 & 1800.170.	Partially Corrected	The financial statement errors were not fully corrected because the errors for 2018 and 2017 were brought to the attention of Washington-Centerville Public Library in November of 2019 and could not be corrected in the years they were submitted. The errors were done due to confusion on how to submit the 2018 financial statement in the Hinkle system and 2017-2018 misclassification of committed versus assigned funds. The Library had contacted the Auditor's Office in 2019 to get better understanding of GASB 1800.173 and 1800.170 with a training class viewed to prevent that error again. Procedures were also established for the financial statements to be reviewed by the Fiscal Officer and the Director before submission to the Auditor's Office.

OHIO AUDITOR OF STATE KEITH FABER



WASHINGTON-CENTERVILLE PUBLIC LIBRARY

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov