

Dave Yost • Auditor of State

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Westerville School District Library
Franklin County
126 South State Street
Westerville, Ohio 43081

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Westerville School District Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 and Note 1.B of the 2016 and 2015 financial statements, respectively, 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.

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, 2016 and 2015, or 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 combined cash balances of Westerville School District Library, Franklin County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2017, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2017

WESTERVILLE SCHOOL DISTRICT LIBRARY
Franklin County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 4,080,697	\$ -	\$ -	\$ 4,080,697
Public Library Fund	2,782,751	-	-	2,782,751
Intergovernmental	541,791	-	-	541,791
Patron Fines and Fees	218,484	-	-	218,484
Services Provided to Other Entities	52,826	-	-	52,826
Contributions, Gifts and Donations	10,043	6,351	-	16,394
Earnings on Investments	39,859	-	-	39,859
Miscellaneous	73,359	-	8,465	81,824
<i>Total Cash Receipts</i>	<u>7,799,810</u>	<u>6,351</u>	<u>8,465</u>	<u>7,814,626</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	4,597,535	32,895	-	4,630,430
Collection Development and Processing	212,341	-	-	212,341
Support Services:				
Facilities Operation and Maintenance	837,161	-	-	837,161
Information Services	49,136	-	-	49,136
Business Administration	889,347	-	-	889,347
Capital Outlay	595,200	-	199,474	794,674
<i>Total Cash Disbursements</i>	<u>7,180,720</u>	<u>32,895</u>	<u>199,474</u>	<u>7,413,089</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>619,090</u>	<u>(26,544)</u>	<u>(191,009)</u>	<u>401,537</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	400,000	400,000
Transfers Out	(400,000)	-	-	(400,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	219,090	(26,544)	208,991	401,537
<i>Fund Cash Balances, January 1</i>	<u>1,538,186</u>	<u>34,195</u>	<u>1,902,352</u>	<u>3,474,733</u>
Fund Cash Balances, December 31				
Restricted	-	7,651	-	7,651
Assigned	254,270	-	2,111,343	2,365,613
Unassigned	1,503,006	-	-	1,503,006
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,757,276</u>	<u>\$ 7,651</u>	<u>\$ 2,111,343</u>	<u>\$ 3,876,270</u>

See accompanying notes to the basic financial statements

WESTERVILLE SCHOOL DISTRICT LIBRARY

Franklin County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Cash Basis)

Fiduciary Fund Type

For the Year Ended December 31, 2016

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Miscellaneous	\$ 5,340
<i>Total Operating Cash Receipts</i>	<u>5,340</u>
Operating Cash Disbursements	
Claims	<u>3,678</u>
<i>Total Operating Cash Disbursements</i>	<u>3,678</u>
<i>Operating Income</i>	<u>1,662</u>
<i>Fund Cash Balances, January 1</i>	<u>-</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,662</u>

See accompanying notes to the basic financial statements

Westerville School District Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Westerville School District Library (the Library), Franklin 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 Westerville City School District Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the Westerville School District Library, Inc. and the Westerville Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt of the organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

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.

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 Fund:

Imagination Library Fund: The Imagination Library Fund received donations from the Westerville Library Foundation to implement an Imagination Library project through the Dollywood Foundation, to provide books to children.

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 fund:

Building and Repair Fund – The monies maintained in this fund are to be used for improving, repairing and expanding the existing library facility.

Westerville School District Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds.

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Entity's own programs. The Library has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Library disburses these funds as directed by the individual, organization or other government. The Library's agency fund, the ***Flexible Spending Account Fund***, accounts for receipts and expenditures in the Flexible Spending Accounts for employees.

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 and 2-digit object level of control.

A summary of 2016 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.

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.

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.

Westerville School District Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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.

Westerville School District Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,792,669	\$7,799,810	\$7,141
Special Revenue	6,351	6,351	0
Capital Projects	408,465	408,465	0
Total	\$8,207,485	\$8,214,626	\$7,141

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority*	Budgetary Expenditures	Variance
General	\$8,003,244	\$7,834,990	\$168,254
Special Revenue	34,195	33,195	1,000
Capital Projects	1,699,335	199,474	1,499,861
Total	\$9,736,774	\$8,067,659	\$1,669,115

*Includes December 31, 2015 carryover encumbrances of \$429,002 (\$278,408 General Fund, \$595 Special Revenue and \$150,000 Capital Projects).

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:

	2016
Demand deposits	\$155,389
Certificates of deposit	2,988,188
Total deposits	3,143,577
STAR Ohio	675,332
STAR Plus	52,394
Money Market account	6,629
Total investments	734,355
Total deposits and investments	\$3,877,932

Westerville School District Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (Continued)

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments

Fifth Third Securities holds the Library's negotiable certificates of deposit in book entry form in the Library's name.

Investments in STAR Ohio and STAR Plus and the Fifth Third money market account 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 7 - Risk Management

The Library belongs to the Ohio Library Council Group Retrospective Rating Program (Group Retro) for Workers' Compensation. Group Retro offers the potential for premium refunds paid over a three year period at 12, 24, and 36 months following the end of the group retro policy year. These premium refunds are based on the total group's cost control performance.

Westerville School District Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Risk Management (Continued)

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

Commercial Insurance

The Library has obtained commercial insurance from the Ohio Plan for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2016.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Leases

The Library leases computer and photocopying equipment under noncancelable leases. The Library disbursed \$98,040 to pay lease costs for the year ended December 31, 2016.

WESTERVILLE SCHOOL DISTRICT LIBRARY
Franklin County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 4,028,007	\$ -	\$ -	\$ 4,028,007
Public Library	2,781,419	-	-	2,781,419
Intergovernmental	542,275	4,800	-	547,075
Patron Fines and Fees	233,566	-	-	233,566
Services Provided to Other Entities	69,562	-	-	69,562
Contributions, Gifts and Donations	22,968	30,000	-	52,968
Earnings on Investments	27,882	-	-	27,882
Miscellaneous	112,321	-	-	112,321
<i>Total Cash Receipts</i>	<u>7,818,000</u>	<u>34,800</u>	<u>-</u>	<u>7,852,800</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	4,463,598	2,340	-	4,465,938
Collection Development and Processing	193,680	-	-	193,680
Support Services:				
Facilities Operation and Maintenance	736,405	6,229	-	742,634
Information Services	50,255	-	-	50,255
Business Administration	865,211	-	-	865,211
Capital Outlay	373,997	-	897,822	1,271,819
<i>Total Cash Disbursements</i>	<u>6,683,146</u>	<u>8,569</u>	<u>897,822</u>	<u>7,589,537</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,134,854</u>	<u>26,231</u>	<u>(897,822)</u>	<u>263,263</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	1,000,000	1,000,000
Transfers Out	(1,000,000)	-	-	(1,000,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	134,854	26,231	102,178	263,263
<i>Fund Cash Balances, January 1</i>	<u>1,403,332</u>	<u>7,964</u>	<u>1,800,174</u>	<u>3,211,470</u>
Fund Cash Balances, December 31				
Restricted	-	34,195	-	34,195
Assigned	278,408	-	1,902,352	2,180,760
Unassigned	1,259,778	-	-	1,259,778
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,538,186</u>	<u>\$ 34,195</u>	<u>\$ 1,902,352</u>	<u>\$ 3,474,733</u>

See accompanying notes to the basic financial statements

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**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Westerville School District Library, Franklin County, (the Library) as a body corporate and politic. The Westerville City School District Board of Education appoints a seven member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the Westerville School District Library, Inc. is a legally separate, not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library does not have access to the resources provided by the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

B. Accounting Basis

These financial statements follow the accounting basis 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.

C. Deposits and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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 Fund:

Imagination Library Fund: This Special Revenue Fund received donations from the Westerville Library Foundation to implement an Imagination Library project through the Dollywood Foundation, to provide books to children.

3. 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 fund:

Building and Repair Fund – The monies maintained in this fund are to be used for improving, fixing and expanding the existing library facility.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2015 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

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.

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	<u>2015</u>
Demand deposits	\$508,608
Other time deposits (savings and NOW accounts)	<u>0</u>
Total deposits	<u>508,608</u>
Money Market Fund	2,601
STAR Ohio	219,336
Negotiable Certificates of deposit	<u>2,744,188</u>
Total investments	<u>2,966,125</u>
Total deposits and investments	<u><u>\$3,474,733</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: Fifth Third Securities holds the Library's negotiable certificates of deposit in book-entry form by, in the name of the Library's financial institution. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,803,994	\$7,818,000	\$14,006
Special Revenue	34,800	34,800	0
Capital Projects	1,000,000	1,000,000	0
Total	<u>\$8,838,794</u>	<u>\$8,852,800</u>	<u>\$14,006</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority*	Budgetary Expenditures	Variance
General	\$8,088,305	\$7,961,554	\$126,751
Special Revenue	12,765	9,166	3,599
Capital Projects	1,800,174	1,047,822	752,352
Total	<u>\$9,901,244</u>	<u>\$9,018,542</u>	<u>\$882,702</u>

*Includes December 31, 2014 encumbrances of \$329,991 (\$322,621 for General Fund and \$7,370 for Special Revenue Funds).

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by January 20. If the property owner elects to pay semiannually, the first half is due January 20. The second half payment is due the following June 20.

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

4. Grants-in-aid and Tax Receipts (Continued)

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

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

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2015.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. Contingent Liabilities

The library is not party to any pending litigation.



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

Westerville School District Library
Franklin County
126 South State Street
Westerville, Ohio 43081

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 by fund type of the Westerville School District Library, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 23, 2017, 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.

Internal Control Over Financial Reporting

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

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

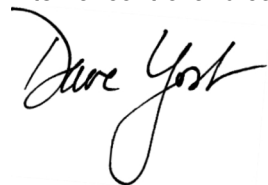
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

August 23, 2017

**WESTERVILLE SCHOOL DISTRICT LIBRARY
FRANKLIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2012-001	Financial Reporting	Corrective Action Taken and Finding is Fully Corrected	N/A
2014-001	Undeposited Over the Counter Receipts - FFR	Corrective Action Taken and Finding is Fully Corrected	N/A

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WESTERVILLE SCHOOL DISTRICT LIBRARY

FRANKLIN 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
SEPTEMBER 19, 2017