



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY  
DECEMBER 31, 2018 AND 2017**

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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 by fund type, and related notes of the Washington-Centerville Public Library, Montgomery County, Ohio (the Library) as of and for the years ended December 31, 2018 and 2017.

### ***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 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (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, 2018 and 2017, 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 by fund type, and related notes of the Washington-Centerville Public Library, Montgomery County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2019, 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

November 3, 2019

**Washington-Centerville Public Library**  
*Montgomery County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2018**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$4,546,921		\$4,546,921
Public Library	2,323,156		2,323,156
Intergovernmental	672,136		672,136
Patron Fines and Fees	189,396		189,396
Contributions, Gifts and Donations	236,323		236,323
Earnings on Investments	107,959		107,959
Miscellaneous	49,005		49,005
<i>Total Cash Receipts</i>	<u>8,124,896</u>		<u>8,124,896</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	1,178,246		1,178,246
Collection Development and Processing	1,968,932		1,968,932
Support Services:			
Facilities Operation and Maintenance	806,145		806,145
Information Services	1,244,950		1,244,950
Business Administration	1,452,828		1,452,828
Capital Outlay	479,299	\$2,712,690	3,191,989
<i>Total Cash Disbursements</i>	<u>7,130,400</u>	<u>2,712,690</u>	<u>9,843,090</u>
<i>Net Change in Fund Cash Balances</i>	994,496	(2,712,690)	(1,718,194)
<i>Fund Cash Balances, January 1</i>	<u>6,991,157</u>	<u>3,984,517</u>	<u>10,975,674</u>
<b>Fund Cash Balances, December 31</b>			
Committed		1,271,827	1,271,827
Assigned	1,794,287		1,794,287
Unassigned	6,191,366		6,191,366
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,985,653</u></u>	<u><u>\$1,271,827</u></u>	<u><u>\$9,257,480</u></u>

See accompanying notes to the financial statements.

**Washington-Centerville Public Library**  
 Montgomery County  
 Statement of Receipts, Disbursements  
 and Changes in Fund Balance (Cash Basis)  
 Fiduciary Fund  
 For the Year Ended December 31, 2018

	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Contributions, Gifts and Donations	\$4,817
<i>Total Operating Cash Receipts</i>	4,817
<b>Operating Cash Disbursements</b>	
Supplies	4,643
<i>Total Operating Cash Disbursements</i>	4,643
<i>Operating Income</i>	174
<i>Fund Cash Balances, January 1</i>	2,550
<i>Fund Cash Balances, December 31</i>	\$2,724

*See accompanying notes to the financial statements.*



**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 Washington-Centerville Public Library, Montgomery County, (the Library) as a body corporate and politic. The Washington-Centerville Public Library was organized as a school district public library in 1930 under the laws of the State of Ohio. The School Board appoints a seven-member Board of Trustees to govern the Library. 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.

Income from the 3.0 mills replacement plus new operating levy passed in November 2011 began in January 2013.

The Library provides the community with various educational and literary resources.

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

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.

**B. Basis of Presentation and Basis of Accounting**

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

These financial statements follow the basis of accounting the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. 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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**C. Cash and Investments**

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

The Library values agency bonds, certificates of deposit, U.S. Treasury Notes and bankers acceptances at cost. The investment in STAR Ohio (the State Treasurer's investment pool) 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 values. The investment in Star Plus is valued at amounts reported by the State Treasurer.

A money market funds account is held by PNC Capital as a settlement account for when investments are called/matured/purchased and is recorded at share values the mutual fund reports.

**D. Fund Accounting**

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library classifies its funds into the following types:

**1. General Fund**

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

**2. Capital Project Funds**

These funds account for receipts restricted, committed or assigned to acquiring or constructing major capital projects (except those financed through trust funds). The Library had the following significant capital project funds:

**Building Fund** – This fund is used for acquisition of property, building additions / repairs / improvements.

**Permanent Improvement Funds** – These funds are used for purchases of new computer systems and equipment and upgrades for the ILS system.

**3. Private-Purpose Trust Funds**

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library had the following private purpose trust:

**Dorothy R. Yeck Good Life Private Purpose Trust Fund (Expendable Trust)** – This fund accounts for an annual donation for a writing competition for young adults.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**E. 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 2018 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. Non-spendable**

The Library classifies assets as *non-spendable* 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.

**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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**G. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. All capital expenditures are tagged and recorded in an electronic file. 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 vacation leave only. The Library financial reporting follows the cash basis method; therefore the financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u><b>2018</b></u>
Demand Deposits	<u>\$2,840,944</u>
Total deposits	<u>2,840,944</u>
Treasury Bonds & Notes	4,892,518
Bankers Acceptances	1,002,554
StarOhio	5,065
StarPlus	<u>519,123</u>
Total investments	<u>6,419,260</u>
Total deposits and investments	<u><u>\$9,260,204</u></u>

**Deposits:** Deposits are insured by the Federal Depository 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. At December 31, 2018, \$178,170 of deposits were not insured or collateralized, contrary to Ohio law. Demand deposits include cash balances in the operating checking account, PayPal account and the money market mutual fund account.

**Investments:** The Federal Reserve holds the Library's U.S. Treasury Bonds and Notes in book-entry form 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 the US Bank banker's acceptances. Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018 follows:

<b>2018 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$7,495,023	\$8,124,896	\$629,873
Private Purpose Trust Fund	4,300	4,817	\$517
Total	\$7,499,323	\$8,129,713	\$630,390

<b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$9,092,694	\$7,769,017	\$1,323,677
Capital Projects	3,179,766	2,902,639	277,127
Private Purpose Trust Fund	4,964	4,700	264
Total	\$12,277,424	\$10,676,356	\$1,601,068

Architectural fees for the Woodbourne Library addition / renovation project are paid out of the General Fund. Construction costs and furnishings/fixtures/equipment for the Woodbourne Library project are paid out of the Building Fund which is part of the Capital Projects Fund listed above.

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The Library receives funding from 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 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.

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

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. Additionally, OPERS provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 10% of their gross salaries. The Library Board approved a fringe benefit pick-up plan for all fully-benefited employees working at least 20.5 hours per week. The Library contributed 10% of all fully-benefited employees' salaries plus an amount equal to 14% of all employees' gross salaries. The Library has paid all contributions required through December 31, 2018. All employees were contributing members of OPERS in 2018.

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. 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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017, the most recent information available.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017, the most recent information available.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

**7. CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

On January 17, 2017, the Library's Board approved a contract with Staffco Construction Inc. in the amount of \$4,879,322 for the Woodbourne Library addition / renovation project. The project will be funded with internal funds in the Library's Building Fund.

In anticipation of the re-opening of the Woodbourne Library, the temporary library location in the Cross Pointe shopping center was closed at the end of day on July 28, 2018. The grand re-opening of the Woodbourne Library was September 23, 2018.

The net changes from authorized Change Orders at December 31, 2018 totaled \$333,760. At December 31, 2018, the contract sum including change orders was \$5,213,082. The balance to finish, including retainage is \$52,186 as of December 31, 2018. The project was completed on time and on budget.

Outstanding encumbrances for the Woodbourne Library addition / renovation project including furniture, fixtures and equipment totaled \$188,320 as of December 31, 2018.

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**Washington-Centerville Public Library**  
*Montgomery County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2017**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$4,507,000		\$4,507,000
Public Library	2,233,448		2,233,448
Intergovernmental	639,846		639,846
Patron Fines and Fees	183,831		183,831
Contributions, Gifts and Donations	100,877		100,877
Earnings on Investments	96,686		96,686
Miscellaneous	43,323		43,323
<i>Total Cash Receipts</i>	<u>7,805,011</u>		<u>7,805,011</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	1,039,674		1,039,674
Collection Development and Processing	1,726,041		1,726,041
Support Services:			
Facilities Operation and Maintenance	691,285		691,285
Information Services	1,217,642		1,217,642
Business Administration	1,491,372		1,491,372
Capital Outlay	53,323	\$2,997,463	3,050,786
<i>Total Cash Disbursements</i>	<u>6,219,337</u>	<u>2,997,463</u>	<u>9,216,800</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,585,674</u>	<u>(2,997,463)</u>	<u>(1,411,789)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	242	750,000	750,242
Transfers Out	(750,242)		(750,242)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(750,000)</u>	<u>750,000</u>	
<i>Net Change in Fund Cash Balances</i>	835,674	(2,247,463)	(1,411,789)
<i>Fund Cash Balances, January 1</i>	<u>6,155,483</u>	<u>6,231,980</u>	<u>12,387,463</u>
<b>Fund Cash Balances, December 31</b>			
Committed		3,984,517	3,984,517
Assigned	1,769,245		1,769,245
Unassigned	5,221,912		5,221,912
<i>Fund Cash Balances, December 31</i>	<u>\$6,991,157</u>	<u>\$3,984,517</u>	<u>\$10,975,674</u>

See accompanying notes to the financial statements.

**Washington-Centerville Public Library**  
 Montgomery County  
 Statement of Receipts, Disbursements  
 and Changes in Fund Balance (Cash Basis)  
 Fiduciary Fund  
 For the Year Ended December 31, 2017

	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Contributions, Gifts and Donations	\$4,792
<i>Total Operating Cash Receipts</i>	<i>4,792</i>
<b>Operating Cash Disbursements</b>	
Supplies	3,868
<i>Total Operating Cash Disbursements</i>	<i>3,868</i>
<i>Operating Income</i>	924
<i>Fund Cash Balances, January 1</i>	<i>1,626</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,550</i>

*See accompanying notes to the financial statements.*

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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 Washington-Centerville Public Library, Montgomery County, (the Library) as a body corporate and politic. The Washington-Centerville Public Library was organized as a school district public library in 1930 under the laws of the State of Ohio. The School Board appoints a seven-member Board of Trustees to govern the Library. 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.

Income from the 3.0 mills replacement plus new operating levy passed in November 2011 began in January 2013.

The Library provides the community with various educational and literary resources.

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

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.

**B. Basis of Presentation and Basis of Accounting**

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

These financial statements follow the basis of accounting the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. 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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**C. Cash and Investments**

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

The Library values agency bonds, certificates of deposit, U.S. Treasury Notes and bankers acceptances at cost. The investment in STAR Ohio (the State Treasurer's investment pool) 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 values. The investment in Star Plus is valued at amounts reported by the State Treasurer.

A money market funds account is held by PNC Capital as a settlement account for when investments are called/matured/purchased and are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library classifies its funds into the following types:

**1. General Fund**

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

**2. Capital Project Funds**

These funds account for receipts restricted, committed or assigned to acquiring or constructing major capital projects (except those financed through trust funds). The Library had the following significant capital project funds:

**Building Fund** – This fund is used for acquisition of property, building additions / repairs / improvements.

**Permanent Improvement Fund** – This fund is used for purchases of new computer systems and equipment.

**3. Private-Purpose Trust Funds**

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library had the following private purpose trust:

**Dorothy R. Yeck Good Life Private Purpose Trust Fund (Expendable Trust)** – This fund accounts for an annual donation for a writing competition for young adults.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**E. 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 2017 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. Non-spendable**

The Library classifies assets as *non-spendable* 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.

**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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**G. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. All capital expenditures are tagged and recorded in an electronic file. 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 vacation leave. The Library financial reporting follows the cash basis method; therefore the financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2017</u>
Demand Deposits	<u>\$3,112,168</u>
Total deposits	<u>3,112,168</u>
Treasury Bonds & Notes	6,289,014
Bankers Acceptances	1,063,002
StarOhio	4,968
StarPlus	<u>509,072</u>
Total investments	<u>7,866,056</u>
Total deposits and investments	<u><u>\$10,978,224</u></u>

**Deposits:** Deposits are insured by the Federal Depository 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. Demand deposits include cash balances in the operating checking account, PayPal account and the money market mutual fund account.

**Investments:** The Federal Reserve holds the Library's U.S. Treasury Bonds and Notes in book-entry form in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2017 follows:

<b>2017 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$7,803,948	\$7,805,253	\$1,305
Capital Projects	750,000	750,000	\$0
Private Purpose Trust Fund	4,817	4,792	(\$25)
Total	<u>\$8,558,765</u>	<u>\$8,560,045</u>	<u>\$1,280</u>

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$8,400,876	\$7,658,982	\$741,894
Capital Projects	6,065,000	5,769,629	295,371
Private Purpose Trust Fund	4,661	4,332	329
Total	<u>\$14,470,537</u>	<u>\$13,432,943</u>	<u>\$1,037,594</u>

Architectural fees for the Woodbourne Library addition / renovation project are paid out of the General Fund. Construction costs and furnishings/fixtures/equipment for the Woodbourne Library project are paid out of the Building Fund which is part of the Capital Projects Fund listed above.

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The Library receives funding from 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 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.

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

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. Additionally, OPERS provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 10% of their gross salaries. The Library Board approved a fringe benefit pick-up plan for all fully-benefited employees working at least 20.5 hours per week. The Library contributed 10% of all fully-benefited employees' salaries plus an amount equal to 14% of all employees' gross salaries. The Library has paid all contributions required through December 31, 2017. All employees were contributing members of OPERS in 2017.

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2017.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.



**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

**7. INTERFUND TRANSACTIONS**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Interfund transfers are reported as other financing sources/uses in governmental funds. There was one interfund transfer of \$750,000 approved by the Library Board of Trustees on March 21, 2017 from the General Fund to the Building Fund in 2017.

**8. CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

On January 17, 2017, the Library's Board approved a contract with Staffco Construction Inc. in the amount of \$4,879,322 for the Woodbourne Library addition / renovation project. The project will be funded with internal funds in the Library's Building Fund. The net changes from authorized Change Orders at December 31, 2017 totaled \$174,627. At December 31, 2017, the contract sum including change orders was \$5,053,949.

On September 19, 2017, the Library's Board accepted quotes for furniture, fixtures and equipment for the Woodbourne Library from various vendors in the total amount of \$425,791.

Outstanding encumbrances for the Woodbourne Library addition / renovation project including furniture, fixtures and equipment totaled \$2,772,166.16 as of December 31, 2017.

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Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

**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 by fund type of the Washington-Centerville Public Library, Montgomery County, (the Library) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 3, 2019 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2018-001 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 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*.

***Library's Response to Finding***

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Library's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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

November 3, 2019

WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

**Material Weakness – Financial Statement Errors**

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 2018 and 2017 contained the following errors due to lack of controls over review of the financial statements which were identified as material and have been adjusted in the accompanying financial statements:

- The Library excluded a portion of the General Fund balance during the compilation of the 2018 statements. As a result, fund cash balance, January 1 and fund cash balance, December 31 were understated by \$3,751,492 in the General fund in 2018.
- The Library did not include the Statement of Receipts, Disbursements and Changes in Fund Balance (Cash Basis) for the Fiduciary Fund in their financial report provided for audit. As a result, fund cash balance, January 1; operating cash receipts: contributions, gifts, and donations; operating cash disbursements: supplies; and fund cash balance, December 31 were understated by \$2,550; \$4,817; \$4,643; and \$2,724, respectively, in the Private Purpose Trust fund in 2018.
- **Governmental Accounting Standards Board (GASB) Codification 1800.173** states, in part, amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. **Governmental Accounting Standards Board (GASB) Codification 1800.176** states, in part, an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The Library did not report the amount by which subsequent year appropriations exceeded estimated receipts as assigned in the General Fund in 2018 or 2017 and did not report the full amount of outstanding encumbrances as assigned in the General Fund in 2017. As a result, unassigned fund balance was overstated and assigned fund balance was understated by \$1,155,670 and \$1,079,842 in the General Fund in 2018 and 2017, respectively.
- **Governmental Accounting Standards Board (GASB) Codification 1800.170** states, in part, amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Library improperly classified a portion of the Capital Projects fund as assigned rather than committed. As a result, assigned and unassigned fund balance were overstated by \$1,630 and \$1,081,877, respectively, and committed fund balance was understated by \$1,083,507 in the Capital Projects fund in 2018. Further, assigned fund balance was overstated and committed fund balance was understated by \$1,212,351 in the Capital Projects fund in 2017.

**FINDING NUMBER 2018-001  
(Continued)**

- The Library issued a payment to the Ohio Public Employees Retirement System in 2015; however, the payment was not recorded in the Library's accounting system when it was issued. The Library adjusted the 2015 audited financial statements to properly present the payment; however, the Library did not post the payment to the accounting system until 2017. The Library did not properly account for this transaction during the compilation of the 2017 financial statements. As a result, cash disbursements: public services and programs and fund cash balance, January 1 were overstated by \$57,033 in the General fund in 2017.

In addition, the Library's financial statements for 2018 and 2017 contained the following misclassifications due to lack of controls over review of the financial statements which were identified as immaterial and did not result in adjustments to the financial statements:

- The Library improperly classified a grant received from the State of Ohio in 2018 as contributions, gifts, and donations and improperly classified a portion of property and other local taxes as intergovernmental receipts. As a result, intergovernmental receipts and contributions, gifts, and donations were overstated by \$32,518 and \$9,412, respectively, and property and other local taxes were understated by \$41,930 in the General fund in 2018.
- **Governmental Accounting Standards Board (GASB) Codification 1800.173** states, in part, amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The Library had unrecorded encumbrances at year-end in the General fund in 2018 and 2017. Those unrecorded encumbrances should have been reported as assigned fund balance at December 31. As a result, unassigned fund balance was overstated and assigned fund balance was understated by \$39,735 and \$254,640 in the General Fund in 2018 and 2017, respectively.

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:**

- The \$3,751,492 left off the 2018 General Fund Balance was the Operating Fund of \$3,750,186 and a correction to 2017 of \$1,306. This error was an oversight with the confusion of the original submission process. The Deputy Fiscal Officer will review the financial statements with the Fiscal Officer and Director before submission on the Hinkle System. The Deputy Fiscal Officer will consult the State Auditor's Office during the 2019 submission process to ensure all documents are entered correctly.
- The exclusion of the Fiduciary Fund (Private Purpose Trust) from the 2018 was also an oversight due to the confusion of the original submission process. This will be handled as stated in the above point.
- The \$1,155,670 for 2018 and \$1,079,842 for 2017 misstated as unassigned versus assigned. The Deputy Fiscal Officer spoke with the State Auditor's Office to get a better understanding of GASB 1800.176 and reviewed the Ohio Auditor of State's training on reporting of Funds for Libraries to prevent this error from happening in the future.
- The Capital Projects fund of \$1,083,507 in 2018 and the \$1,212,351 in 2017 having the committed fund balance being understated. The Deputy Fiscal Officer spoke with the Auditor's Office about GASB 1800.170 to get a better understanding of committed versus assigned so this error can be avoided in the future.

**FINDING NUMBER 2018-001  
(Continued)**

**Officials' Response (Continued):**

Financial statement misclassifications were reviewed and procedures will be implemented to check all entries on a monthly basis for proper recording. The Deputy Fiscal Officer, Fiscal Officer and Director will review the financial statements before submission to the Ohio Auditor of State to ensure proper filing.

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# OHIO AUDITOR OF STATE KEITH FABER



**WASHINGTON CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY 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  
NOVEMBER 26, 2019**