



Dave Yost • Auditor of State



**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## 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 and related notes of Washington-Centerville Public Library, Montgomery County, (the Library) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2012 and 2011, 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 Washington-Centerville Public Library, Montgomery County as of December 31, 2012 and 2011 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 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2011 the Washington-Centerville Public Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013, 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

May 28, 2013

**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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$3,327,664			\$3,327,664
Public Library	2,007,293			2,007,293
Intergovernmental	483,476	\$22,003		505,479
Patron Fines and Fees	297,376			297,376
Contributions, Gifts and Donations	24,761			24,761
Earnings on Investments	74,856			74,856
Refunds and Reimbursements	16,299			16,299
Miscellaneous	12,490			12,490
Total Cash Receipts	<u>6,244,215</u>	<u>22,003</u>		<u>6,266,218</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Services and Programs	1,515,290			1,515,290
Collection Development and Processing	1,656,799			1,656,799
<b>Support Services:</b>				
Facilities Operation and Maintenance	601,791			601,791
Information Services	1,325,587			1,325,587
Business Administration	1,289,746			1,289,746
Capital Outlay	153,080		\$26,089	179,169
Total Cash Disbursements	<u>6,542,293</u>		<u>26,089</u>	<u>6,568,382</u>
Net Change in Fund Cash Balances	(298,078)	22,003	(26,089)	(302,164)
Fund Cash Balances, January 1	<u>8,067,211</u>		<u>3,019,126</u>	<u>11,086,337</u>
<b>Fund Cash Balances, December 31:</b>				
Non-spendable	1,104			1,104
Restricted		22,003		22,003
Committed			2,993,037	2,993,037
Assigned	380,010			380,010
Unassigned (Deficit)	7,388,019			7,388,019
Fund Cash Balances, December 31	<u>\$7,769,133</u>	<u>\$22,003</u>	<u>\$2,993,037</u>	<u>\$10,784,173</u>

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

WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY

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

	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Contributions, Gifts and Donations	\$3,805
Total Operating Cash Receipts	<u>3,805</u>
<b>Operating Cash Disbursements:</b>	
Other	4,000
Total Operating Cash Disbursements	<u>4,000</u>
Operating Income (Loss)	<u>(195)</u>
Fund Cash Balances, January 1	<u>344</u>
Fund Cash Balances, December 31	<u><u>\$149</u></u>

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



**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, 2011**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$3,370,200		\$3,370,200
Public Library	2,127,746		2,127,746
Intergovernmental	547,000		547,000
Patron Fines and Fees	313,836		313,836
Contributions, Gifts and Donations	12,247		12,247
Earnings on Investments	118,888		118,888
Refunds and Reimbursements	15,550		15,550
Miscellaneous	1,993		1,993
Total Cash Receipts	<u>6,507,460</u>		<u>6,507,460</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
<b>Library Services:</b>			
Public Services and Programs	1,542,810		1,542,810
Collection Development and Processing	1,625,404		1,625,404
<b>Support Services:</b>			
Facilities Operation and Maintenance	634,972		634,972
Information Services	1,329,690		1,329,690
Business Administration	1,283,114		1,283,114
Capital Outlay	124,780	\$33,200	157,980
<b>Debt Service:</b>			
Principal Retirement			
Interest and Fiscal Charges			
Total Cash Disbursements	<u>6,540,770</u>	<u>33,200</u>	<u>6,573,970</u>
Excess of Receipts Over (Under) Disbursements	<u>(33,310)</u>	<u>(33,200)</u>	<u>(66,510)</u>
Net Change in Fund Cash Balances	(33,310)	(33,200)	(66,510)
Fund Cash Balances, January 1 (Restated)	<u>8,100,521</u>	<u>3,052,326</u>	<u>11,152,847</u>
<b>Fund Cash Balances, December 31:</b>			
Non-spendable	1,149		1,149
Committed		3,019,126	3,019,126
Assigned	378,568		378,568
Unassigned (Deficit)	7,687,494		7,687,494
Fund Cash Balances, December 31	<u>\$8,067,211</u>	<u>\$3,019,126</u>	<u>\$11,086,337</u>

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

WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Contributions, Gifts and Donations	\$3,840
Total Operating Cash Receipts	<u>3,840</u>
<b>Operating Cash Disbursements:</b>	
Other	3,691
Total Operating Cash Disbursements	<u>3,691</u>
Net Change in Fund Cash Balances	149
Fund Cash Balances, January 1	<u>195</u>
Fund Cash Balances, December 31	<u><u>\$344</u></u>

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**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 School Board appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**B. Accounting Basis**

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

**C. Deposits 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.

In August 2012, the Library Board passed a motion to open a Star Plus account. This account is a new program recommended by the State Treasurer as an FDIC-insured investment option. The Library transferred \$500,000 into the Star Plus as an initial deposit. The maximum balance allowed in this account is \$15 million.

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) and Star Plus are valued at amounts reported by the State Treasurer

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Special Revenue Fund** – This fund consists of monies from an LSTA federal grant distributed by the State Library of Ohio for an automation project. Funds were received in December 2012; however, no expenditures were made in 2012.

**3. Capital Project Funds**

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

**Building Fund** – This fund is used for building repairs and improvements.

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

**4. Fiduciary Fund**

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 fund:

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

**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 2012 and 2011 budgetary activity appears in Note 4.

**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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts 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. 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 leave. The financial statements do not include a liability for unpaid leave.

**2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET ASSETS/FUND EQUITY**

For fiscal year 2012, the Library reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	<u>Fund Balance at December 31, 2010</u>	<u>GASB 54 Change in Fund Structure</u>	<u>Adjusted Fund Balance at December 31, 2010</u>
General	\$5,350,315	\$2,750,206	\$8,100,521
Special Revenue	2,750,206	(2,750,206)	

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. 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>2012</u>	<u>2011</u>
Demand deposits	\$ 2,005,259	\$ 1,312,957
Certificates of deposit	250,000	250,000
STAR Plus	500,363	
Total deposits	<u>2,755,622</u>	<u>1,562,957</u>
U.S. Treasury Notes	7,649,611	8,077,276
STAR Ohio	4,880	314,701
Bankers Acceptance	374,209	1,131,747
Total investments	<u>8,028,700</u>	<u>9,523,724</u>
Total deposits and investments	<u>\$10,784,322</u>	<u>\$11,086,681</u>

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

**Investments:** The financial institution maintains records identifying the Library as owner of these securities. Investment in Star Ohio are not evidenced by securities existing in physical or book-entry form.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2012 and 2011 follows:

<u>2012 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$6,208,482	\$6,244,215	\$35,733
Special Revenue		22,023	22,023
Capital Projects			
Private Purpose Trust	3,800	3,805	5
Total	<u>\$6,212,282</u>	<u>\$6,270,043</u>	<u>\$57,761</u>

<u>2012 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$7,793,612	\$6,922,303	\$ 871,309
Special Revenue			
Capital Projects	596,389	55,426	540,963
Private Purpose Trust	4,000	4,000	
Total	<u>\$8,394,001</u>	<u>\$6,981,729</u>	<u>\$1,412,272</u>

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. BUDGETARY ACTIVITY (Continued)**

<b>2011 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$5,789,200	\$6,507,460	\$718,260
Special Revenue			
Capital Projects			
Private Purpose Trust		3,840	3,840
Total	\$5,789,200	\$6,511,300	\$722,100

<b>2011 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$8,039,062	\$6,919,338	\$1,119,724
Special Revenue			
Capital Projects	471,400	51,789	419,611
Private Purpose Trust	4,100	3,691	409
Total	\$8,514,562	\$6,974,818	\$1,539,744

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

The primary source of revenue for Ohio public libraries is the State Public Library Fund (PLF). The PLF allocation is based on a percentage of general tax revenues. The State allocates PLF to each county based on the county's percent share of the general tax revenues. The County Budget Commission allocates these funds to the Library based on an agreed-upon formula established in 1998. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

In December 2012, the Library received an LSTA grant to join the SearchOhio cooperative group which provides library patrons access to electronic library materials available from member libraries of the consortium. The grant proceeds were categorized in the grants-in-aid revenue account for the Special Revenue Fund.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**6. RETIREMENT SYSTEMS**

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. OPERS also 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, 2012.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (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, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% 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 782 and 761 members as of December 31, 2011 and 2010 respectively.

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2011 and 2010 (the latest information available).

	<u>2011</u>	<u>2010</u>
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	<u>\$ 7,172,519</u>	<u>\$ 7,191,485</u>



**WASHINGTON-CENTERVILLE PUBLIC LIBRARY  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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

**8. CONTINGENT LIABILITIES**

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

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# Dave Yost • Auditor of State

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

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 Washington-Centerville Public Library, Montgomery County, (the Library) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2013.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

May 28, 2013



# Dave Yost • Auditor of State

**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  
JULY 11, 2013**