



**COMMUNITY LIBRARY OF BIG WALNUT LSD  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2019-2018**



**COMMUNITY LIBRARY OF BIG WALNUT LSD  
DELAWARE COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Community Library of Big Walnut LSD  
Delaware County  
44 Burrer Drive  
Sunbury, Ohio 43074

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund Community Library of Big Walnut Local School District, Delaware County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, and each major fund of the Community Library of Big Walnut Local School District, Delaware County, Ohio, as of December 31, 2019 and 2018, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 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

October 15, 2020

**THE COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED**

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This discussion and analysis of Community Library of the Big Walnut Local School District's financial performance provides an overall review of the library's financial activities for the year ended December 31, 2019, within the limitations of the library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the library's financial performance.

**Highlights**

Key highlights for 2019 are as follows:

Library usage was quite strong over the last 12 months. The only area we saw a decrease in circulation was with adult books. The slowing of print circulation is not surprising, as ebook usage continues to grow. In 2019, use of ebooks increased 8%. Juvenile print books increased 8% as well.

The addition of Hoopla in 2018 and continued promotion of both it and Overdrive (i.e., Libby) has been helping us reverse the decline of audio/visual circulation we saw from 2014 through 2017. In 2018, A/V use grew 8% and that trend continued in 2019; A/V circulation grew 11% last year. Looking deeper into the numbers, we see that our patrons are enjoying the convenience of digital content, especially in regard to audiobooks. Downloads of audiobooks now make up two-thirds of our audiobook circulation. Patrons still prefer our physical music and movie collections, but downloads of each are growing. Circulation of the digital music and movies increased 135% and 50% respectively.

Overall patron visits to the library increased by 1% to 162,226 for the year and programming attendance increased 1% for the year to 21,246.

We had a successful levy campaign during 2019 in which the community renewed our local levy support for the next five years.

As we look ahead to 2020, one of the first priorities will be finishing the strategic plan. We received the community data and the State Library's final report in the midst of our 2019 levy campaign, so we did not have time to translate community feedback into tangible initiatives for the library. Now that the levy is behind us and business has returned to normal, we will begin working with the board and staff to formalize priorities for the next five years.

In addition to the general strategic plan, now is a good time to move towards updating our master facility plan. We know pressure for more space will only grow as the district grows and as our collections and programs grow. We have already heard patrons commenting on the lack of space in the children's area. Despite regular weeding of the collection, our shelves are slowly getting tighter and tighter. We also have turned down requests to use the meeting room because it is already booked.

While the need is not immediately critical, we need to make sure we have a facility plan in place, so we are prepared for the future. A plan will provide us with a general idea of what we need to do and roughly how much it would cost to implement.

Another area we will definitely work on in the coming months is youth services. For the past couple years, we have discussed the need to enhance services for teens. We have strong children's programs, but programs for teens are too few and inconsistent to build a strong patronage.

**THE COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED**

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**Highlights (Continued)**

2019 brought the hiring of a youth services assistant to focus on teens giving the library a step in the right direction. We are eager to begin building up teen services.

Finally, in 2020, we want to continue our efforts to enhance customer service through technology. In 2019, we invested resources into building a hold subscription feature into our system that will allow patrons to automatically receive new titles from their favorite authors. That feature will be released without next upgrade in late summer or early fall. The work on that feature has got us thinking of other ways we can improve user experience and customer service through technology. We will be spending time restructuring our website to better promote our services and collections. We also want to work on refining features on the library app, so patrons can do more through their smartphones and mobile devices

Financially, net position increased \$406,077 over last year. At year end, total net position was \$2,674,823. The increase in net position is attributed to the liquidation of a bequest that held investments.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a modified cash basis of accounting. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.



**THE COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED**

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**Reporting the Library as a Whole**

The statement of net position and the statement of activities reflect how the Library did financially during 2019, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances of the governmental type activities of the Library at year-end. The statement of activities compares cash disbursements with program receipts for each governmental type activity.

Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors such as the condition of the Library's capital assets and infrastructure (a 25 year old library site and structure); and the Library's debt obligations (of which there are none); and the near term security provided by the passage of the library operating levy, securing a local revenue stream for the Library

Table 1 provides a summary of the Library's net position for 2019 compared to 2018 on a Modified cash basis:

**(Table 1)**

**Statement of Net Position – Modified Cash Basis**

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	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,830,909	\$1,433,381
Investments	\$843,914	\$835,365
	<hr/>	
<i>Total Assets</i>	\$2,674,823	\$2,268,746
	<hr/> <hr/>	
<b>Net Position</b>		
Unrestricted	\$2,674,823	\$2,268,746
	<hr/>	
<i>Total Net Position</i>	\$2,674,823	\$2,268,746
	<hr/> <hr/>	

The local revenue stream, began in 2010, provided tax revenue in 2019 of \$761,398. Public Library Funds in 2019 amounted to \$603,938. Careful planning and prudent spending of library funds enable the execution of Library's vision of becoming the primary information and community center for Big Walnut area residents.

**THE COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED**

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**Reporting the Library's Most Significant Funds**

The Library presents the following Major Funds:

- General Fund: Used to cover annual operation budget including personnel, operations and library materials. The General Fund is always a major fund.
- Major Capital Project Fund: Used to account for capital projects with budgets exceeding \$50,000.
- Minor Capital Project Fund: Used to account for capital projects with budgets less than \$50,000.

**General Fund Budgeting Highlights**

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

General fund disbursements for 2019 were budgeted at \$2,763,044 with actual disbursements amounting to \$1,462,531. With budgeted receipts at \$1,496,583 and actual receipts at \$1,533,455, we were able to end the year with an unencumbered carryover balance of \$1,348,567 in the General Fund to begin 2020.

**Current Issues.**

The Library continues to enjoy wide support from area residents. A challenge we face going into the future is maintaining adequate levels of service as the population of the greater Big Walnut area continues to grow. Demand for library services, resources, and space outpace the growth of revenue, which may create some difficulties in coming years. The library will remain prudent and careful with public money, and continue to monitor our revenue streams to ensure we can meet the needs of our community.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Community Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Chauncey Montgomery, Director/Fiscal Officer, at Community Library, 44 Burrer Drive, Sunbury, OH 43074, or by email at [chauncey@yourcl.org](mailto:chauncey@yourcl.org).

**The Community Library of Big Walnut LSD**  
*Statement of Net Position - Modified Cash Basis*  
 December 31, 2019

	Governmental Activities	Total
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,830,909	\$1,830,909
Investments	843,914	843,914
<i>Total Assets</i>	\$2,674,823	\$2,674,823
 <b>Net Position</b>		
Unrestricted	2,674,823	2,674,823
<i>Total Net Position</i>	\$2,674,823	\$2,674,823

See accompanying notes to the basic financial statements

**The Community Library of Big Walnut LSD**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended December 31, 2019**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	1,104,753	29,992	0	(\$1,074,761)
Collection Development and Processing	0	0	5,000	5,000
Support Services:				
Information Services	0	1,448	0	1,448
Capital Outlay	31,815	0	0	(31,815)
Debt Service:				
Interest and Fiscal Charges	4,405	0	0	(4,405)
<i>Total Governmental Activities</i>	1,140,973	31,440	5,000	(1,104,533)
		General Receipts:		
				761,398
				18,770
				691,050
				34,577
				4,815
				1,510,610
				406,077
				2,268,746
				\$2,674,823

See accompanying notes to the basic financial statements

**The Community Library of Big Walnut LSD**  
*Statement of Net Position - Modified Cash Basis*  
 December 31, 2019

	General	Major Capital Project Fund	Minor Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$519,065	\$1,075,298	\$236,546		\$1,830,909
Investments	843,914				843,914
<i>Total Assets</i>	<u>\$1,362,979</u>	<u>\$1,075,298</u>	<u>\$236,546</u>	<u>\$0</u>	<u>\$2,674,823</u>
<b>Fund Balances</b>					
Assigned	9,967	\$1,075,298	\$236,546		1,321,811
Unassigned	1,353,012				1,353,012
<i>Total Fund Balances</i>	<u>\$1,362,979</u>	<u>\$1,075,298</u>	<u>\$236,546</u>	<u>\$0</u>	<u>\$2,674,823</u>

See accompanying notes to the basic financial statements

**The Community Library of Big Walnut LSD**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2019*

	General	Major Capital Project Fund	Minor Capital Project Fund	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$761,398	\$0	\$0	\$761,398
Public Library	603,938	0	0	603,938
Intergovernmental	92,112	0	0	92,112
Patron Fines and Fees	29,992	0	0	29,992
Contributions, Gifts and Donations	18,770	0	0	18,770
Earnings on Investments	20,982	10,394	3,201	34,577
Miscellaneous	6,256	0	0	6,256
<i>Total Receipts</i>	<u>1,533,448</u>	<u>10,394</u>	<u>3,201</u>	<u>1,547,043</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 1,104,753	\$ -	\$ -	\$ 1,104,753
Support Services:				
Capital Outlay	31,815	0	0	31,815
<i>Total Disbursements</i>	<u>1,136,568</u>	<u>0</u>	<u>0</u>	<u>1,136,568</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>396,880</u>	<u>10,394</u>	<u>3,201</u>	<u>410,475</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	307,146	0	307,146
Transfers Out	(307,146)	0	0	(307,146)
Other Financing Sources	7	0	0	7
Other Financing Uses	(4,405)	0	0	(4,405)
<i>Total Other Financing Sources (Uses)</i>	<u>(311,544)</u>	<u>307,146</u>	<u>0</u>	<u>(4,398)</u>
<i>Net Change in Fund Balances</i>	85,336	317,540	3,201	406,077
<i>Fund Balances Beginning of Year</i>	<u>1,277,643</u>	<u>757,758</u>	<u>233,345</u>	<u>2,268,746</u>
<i>Fund Balances End of Year</i>	<u>\$1,362,979</u>	<u>\$1,075,298</u>	<u>\$236,546</u>	<u>\$2,674,823</u>

See accompanying notes to the basic financial statements

**The Community Library of Big Walnut LSD**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 General Fund  
 For the Year Ended December 31, 2019*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$847,892	\$847,891	\$761,398	(\$86,493)
Public Library	590,409	601,592	603,938	2,346
Intergovernmental	5,000	5,000	92,112	87,112
Patron Fines and Fees	32,600	32,600	29,992	(2,608)
Contributions, Gifts and Donations	6,500	6,500	18,770	12,270
Earnings on Investments	2,000	2,000	20,982	18,982
Miscellaneous	1,000	1,000	6,256	5,256
<i>Total Receipts</i>	<u>1,485,401</u>	<u>1,496,583</u>	<u>1,533,448</u>	<u>36,865</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,380,666	1,380,666	1,119,165	261,501
Capital Outlay	77,947	77,947	31,815	46,132
<i>Total Disbursements</i>	<u>1,458,613</u>	<u>1,458,613</u>	<u>1,150,980</u>	<u>307,633</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,788</u>	<u>37,970</u>	<u>382,468</u>	<u>344,498</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(307,146)	(307,146)	(307,146)	0
Other Financing Sources			7	7
Other Financing Uses	(997,285)	(997,285)	(4,405)	992,880
<i>Total Other Financing Sources (Uses)</i>	<u>(1,304,431)</u>	<u>(1,304,431)</u>	<u>(311,544)</u>	<u>992,887</u>
<i>Net Change in Fund Balance</i>	(1,277,643)	(1,266,461)	70,924	1,337,385
<i>Unencumbered Fund Balance Beginning of Year</i>	1,258,574	1,258,574	1,258,574	0
Prior Year Encumbrances Appropriated	19,069	19,069	19,069	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$11,182</u>	<u>\$1,348,567</u>	<u>\$1,337,385</u>

See accompanying notes to the basic financial statements

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Description of the Library and Reporting Entity**

The Community Library of Big Walnut School (the Library) was organized as a school district public library in 1944 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Big Walnut Local School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 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 Clerk/Treasurer.

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 purposes 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.

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

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Community Library Friends is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Although the economic resources of the Community Library Friends almost entirely benefits the Library, the Library is not entitled nor does it have access to the economic resources of the Community Library Friends. While the resources received by the Library from the Friends serves to enhance programs, facilities and collection, these resources are not significant proportionally to the Library's annual budget.

Community Library Foundation (the "Foundation") was founded in 1998 to receive and manage major donations made to benefit the Library. The seven-member Board of Directors is appointed by the Library's Board of Trustees to maintain secure investments, promote fund raising and determine appropriate use of funds. Appropriate use may include: services to the Big Walnut community, grant funding, scholarships, continuing education for the Library staff, and bringing traveling programs to the community. Its resources are not exclusively for the Library and the Library does not have access to those resources.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Library's accounting policies.



**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net position presents the cash and investment balances, of the governmental type activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

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

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds:

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

***Major Capital Project Fund*** The Major Capital Project fund accounts for monies set aside by the Board of Library Trustees specifically for major capital projects (project in excess of \$50,000) and technology improvements.

***Minor Capital Project Fund*** The Minor Capital Project fund accounts for monies set aside by the Board of Library Trustees specifically for minor capital projects (project of \$50,000 and less) such as repairs and maintenance on the facility and grounds.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

The Library's financial statements are prepared using the modified cash basis of accounting. With the exception of investment purchases and sales, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

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

***Budgetary Process***

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

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

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

***Cash and Cash Equivalents***

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

**Community Library of Big Walnut Local School District**  
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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Cash and Cash Equivalents (Continued)***

During 2019, the Library invested in nonnegotiable certificates of deposit. Investments are reported at cost, except for the mutual funds. The Library's investments are recorded at the cost basis reported by CF Bank on December 31, 2019.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the Library were \$34,577.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

***Long-Term Obligations***

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

***Net Position***

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

**Community Library of Big Walnut Local School District**  
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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed.

In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Library Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

***Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

**Community Library of Big Walnut Local School District**  
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*Notes to the Basic Financial Statements*  
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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Internal Activity (Continued)***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds.

Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are as follows:

- Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis). Outstanding encumbrances at year-end were \$14,412 for the General Fund. No other funds had any outstanding encumbrances.

**Note 4 – Deposits and Investments**

State statutes classify monies held by the Library into three categories.

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

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

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in 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.

**Community Library of Big Walnut Local School District**  
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**Note 4 – Deposits and Investments (Continued)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$185 in undeposited cash on hand which is included as part of "Cash" or "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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**Note 4 – Deposits and Investments (Continued)**

***Deposits***

At December 31, 2019, all Library deposits were insured or collateralized. Of the Library's \$2,676,505 bank balance, \$1,093,914 was insured by the Federal Deposit Insurance Corporation. The remaining uninsured balance held with First Commonwealth Bank was 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 institutions.

***Investments***

As of December 31, 2019, the Library had the following investments:

	Measurement Value
CDARS	\$593,914
Certificates of Deposit	250,000
<b>Total Portfolio</b>	<b>\$843,914</b>

	Investment Maturities (in Years)		
	Measurement Amount	Less than 1	1-2
Certificates of Deposit	250,000	250,000	
CDARS	593,914		593,914
<b>Total Investments</b>	<b>\$843,914</b>	<b>\$250,000</b>	<b>\$593,914</b>

**Note 5 – Grants in Aid and Property Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

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**Note 5 – Grants in Aid and Property Taxes**

***Property Taxes (Continued)***

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2019, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$845,513,470
Public Utility Personal Property	<u>131,757,830</u>
Total	<u><u>\$977,271,300</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

**Note 6 – Interfund Balances and Transfers**

***Transfers***

During 2019, the following transfers were made:

	<b>Transfer from</b>	
	<b>Major Fund</b>	
<b>Transfer to</b>	<b>General</b>	<b>Total</b>
Major Funds:		
Major Capital Project Fund	(\$307,416)	(\$307,416)

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 7 – Risk Management**

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



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**Note 7 – Risk Management (Continued)**

The Plan is legally separate from its member governments.

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

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

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

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

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

**Note 8 – Defined Benefit Pension Plan**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Library employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit /defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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**Note 8 – Defined Benefit Pension Plan (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)***

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**Community Library of Big Walnut Local School District**  
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**Note 8 – Defined Benefit Pension Plan (Continued)**

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections.

Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2019 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
<b>2019 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- \* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- \*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- \*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution were \$83,046 for the year 2019.

**Note 9 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

**Community Library of Big Walnut Local School District**  
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**Note 9 – Postemployment Benefits (Continued)**

***Ohio Public Employees Retirement System (Continued)***

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

**Note 10 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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**Note 10 – Fund Balances (Continued)**

Fund Balances	General	Major Capital Projects	Minor Capital Projects	Total
<b>Assigned to</b>				
Capital Improvements		1,075,298	236,546	1,311,844
Outstanding Encumbrances	9,967			9,967
<i>Total Assigned</i>	<u>9,967</u>	<u>1,075,298</u>	<u>236,546</u>	<u>1,321,811</u>
<b>Unassigned (Deficit)</b>	<u>1,353,012</u>			<u>1,353,012</u>
<i>Total Fund Balances</i>	<u><u>\$1,362,979</u></u>	<u><u>\$1,075,298</u></u>	<u><u>\$236,546</u></u>	<u><u>\$2,674,823</u></u>

In addition to the above fund balance constraints, the Library has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Library established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Library Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2019, is \$400,318.

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plan in which the Library participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either Federal or State, cannot be estimated.

**The Community Library of Big Walnut Local School District**  
*Delaware County*

Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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This discussion and analysis of Community Library of the Big Walnut Local School District's financial performance provides an overall review of the library's financial activities for the year ended December 31, 2018, within the limitations of the library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the library's financial performance.

**Highlights**

Key highlights for 2018 are as follows:

We saw some of the strongest usage numbers in 2018. Not only do we see the community taking advantage of all the services we provide, but we also continue to hear very positive comments from our users.

In regard to library programs, we have seen our story times explode in attendance. Likewise, school class visits to the library are consistent and frequent. In addition to these ongoing programs, youth services has offered a variety of additional workshops and programs for all age groups. Adult services has also expanded offerings. In total, program participation grew 8% last year. We have about 1,742 individuals participating in programs each month.

As a lifelong learning center in the community, we want to provide the community with resources that help them grow and enrich their lives. Looking at the use of nonfiction titles and online databases, both of which are used to obtain information and learn new concepts, helps us gauge our effectiveness. In 2018, use of physical nonfiction materials increased 4%. That is a healthy number considering how many people choose to research topics on the Internet. We also saw a 7% growth in our online database use. This indicates that more patrons are turning to our databases for the information they are seeking. Finally, we saw a 59% increase in the use of mobile hotspots, so more people had access to the Internet.

Convenient access to a wide variety of recreational books, movies and other materials is also important. One of the first changes we made in 2018 was to reduce the hold to copy ratio for materials to 3/1. By doing so, we are able to get materials into the hands of patrons much faster than previous years. We also put a lot of effort into improving the promotion of our collections and services through the new email service, *LibraryAware*. Patrons now get consistent promotions for events and new materials. We circulated over 228,000 materials last year, which is a 6% increase over the previous year.

Over the last five years, we saw the circulation of our audio-visual items decreasing on average 6%. We attributed the decrease to online streaming services such as Amazon, Netflix, and iTunes. In an effort to provide convenient access to recreational materials, we thought it was critical to offer our community a streaming service through the library. We added Hoopla in the spring and since then, we have seen an overall increase of 8% in audio-visual circulation.

We also continued to develop and educate our staff so they maintain an awareness of library trends and new information in the library field. All service directors and many library assistants were able to attend professional development programs during 2018.

At the end of 2018 we were notified that a community member Suzanna Head had left a part of her estate to the library through a bequest. The administration and board are working with the Head Estate and Morgan Stanley to liquidate holdings and transfer funds to the library. This generous gift will be used for future growth and development.

**The Community Library of Big Walnut Local School District**  
*Delaware County*

Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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Financially, net assets of governmental activities increased \$974,099 over last year. At year end, total net position amounted to \$2,268,746, with \$991,103 in two Capital Projects funds and a solid Operations Reserve holding \$440,318. The increase in net position is attributed to the receipt of a bequest.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable). Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Library as a Whole**

The statement of net position and the statement of activities reflect how the Library did financially during 2018, within the limitations of modified cash basis accounting. The statement of net positions presents the cash balances of the governmental type activities of the Library at year-end. The statement of activities compares cash disbursements with program receipts for each governmental type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.



**The Community Library of Big Walnut Local School District**  
*Delaware County*

Management's Discussion and Analysis  
 For the Year Ended December 31, 2018  
 Unaudited

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors such as the condition of the Library's capital assets and infrastructure (a 25 year old library site and structure); and the Library's debt obligations (of which there are none); and the near term security provided by the passage of the library operating levy, securing a local revenue stream for Community Library

Table 1 provides a summary of the Library's net position for 2018 compared to 2017 on a modified cash basis:

**(Table 1)**

**Statement of Net Position - Modified Cash Basis**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,433,381	\$1,294,512
Investments	\$835,365	\$135
<i>Total Assets</i>	\$2,268,746	\$1,294,647
<b>Net Position</b>		
Unrestricted	\$2,268,746	\$562,189
Restricted	0	\$732,458
<i>Total Net Position</i>	\$2,268,746	\$1,294,647

The local revenue stream, began in 2010, provided tax revenue in 2018 of \$746,878. Public Library Funds in 2018 amounted to \$589,182. Careful planning and prudent spending of library funds enable the execution of Library's vision of becoming the primary information and community center for Big Walnut area residents.

**The Community Library of Big Walnut Local School District**  
*Delaware County*

Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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**Reporting the Library's Most Significant Funds**

The Library presents the following Major Funds:

- General Fund: Used to cover annual operation budget including personnel, operations and library materials. The General Fund is always a major fund.
- Major Capital Project Fund: Used to account for capital projects with budgets exceeding \$50,000.
- Minor Capital Project Fund: Used to account for capital projects with budgets less than \$50,000.

**General Fund Budgeting Highlights**

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

General fund disbursements for 2018 were budgeted at \$2,000,409 with actual disbursements amounting to \$1,337,363. With budgeted receipts at \$1,438,220 and actual receipts at \$2,033,748, we were able to end the year with an unencumbered carryover balance of \$1,258,574 in the General Fund to begin 2019.

**Current Issues.**

The Library continues to enjoy wide support from area residents. A challenge we face going into the future is maintaining adequate levels of service as the population of the greater Big Walnut area continues to grow. Demand for library services, resources, and space outpace the growth of revenue, which may create some difficulties in coming years. The library will remain prudent and careful with public money, and continue to monitor our revenue streams to ensure we can meet the needs of our community.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Chauncey Montgomery, Director/Fiscal Officer, at Community Library, 44 Burrer Drive, Sunbury, OH 43074, or by email at chauncey@yourcl.org.

**Community Library of Big Walnut Local School District**

*Statement of Net Position - Modified Cash Basis*

*December 31, 2018*

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	Governmental Activities	Total
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,433,381	\$1,433,381
Investments	835,365	835,365
	<u>                    </u>	<u>                    </u>
<i>Total Assets</i>	<u>\$2,268,746</u>	<u>\$2,268,746</u>
<b>Net Position</b>		
Unrestricted	2,268,746	2,268,746
	<u>                    </u>	<u>                    </u>
<i>Total Net Position</i>	<u>\$2,268,746</u>	<u>\$2,268,746</u>

See accompanying notes to the basic financial statements

**Community Library of Big Walnut Local School District**  
*Statement of Activities - Modified Cash Basis*  
For the Year Ended December 31, 2018

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Net (Disbursement)
<b>Governmental Activities</b>			
Current:			
Library Services:			
Public Services and Programs	1,038,817	12,974	(\$1,025,843)
Support Services:			
Facilities Operation and Maintenance	2,408	0	(2,408)
Business Administration	0	1,345	1,345
Capital Outlay	22,885	0	(22,885)
<i>Total Governmental Activities</i>	<u>1,064,110</u>	<u>14,319</u>	<u>(1,049,791)</u>
General Receipts:			
Property Taxes Levied for General Purposes			746,878
Unrestricted Gifts and Contributions			591,418
Grants/Entitlements not Restricted to Specific Programs			673,323
Earnings on Investments			10,185
Miscellaneous			2,086
<i>Total General Receipts:</i>			<u>2,023,890</u>
Change in Net Position			974,099
<i>Net Position Beginning of Year</i>			<u>1,294,647</u>
<i>Net Position End of Year</i>			<u>\$2,268,746</u>

See accompanying notes to the basic financial statements

**Community Library of Big Walnut Local School District**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
 December 31, 2018

	General	Major Capital Project Fund	Minor Capital Project Fund	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$442,278	\$757,758	\$233,345	\$1,433,381
Investments	835,365			835,365
<i>Total Assets</i>	<u>\$1,277,643</u>	<u>\$757,758</u>	<u>\$233,345</u>	<u>\$2,268,746</u>
<b>Fund Balances</b>				
Assigned	19,069	757,758	233,345	1,010,172
Unassigned	1,258,574			1,258,574
<i>Total Fund Balances</i>	<u>\$1,277,643</u>	<u>\$757,758</u>	<u>\$233,345</u>	<u>\$2,268,746</u>

See accompanying notes to the basic financial statements

**Community Library of Big Walnut Local School District**  
*Statement of Receipts, Disbursements and Changes in Fund Balances -Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2018*

	General	Major Capital Project Fund	Minor Capital Project Fund	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$746,878	\$0	\$0	\$746,878
Public Library	589,182	0	0	589,182
Intergovernmental	84,141	0	0	84,141
Patron Fines and Fees	12,974	0	0	12,974
Contributions, Gifts and Donations	591,418	0	0	591,418
Earnings on Investments	5,724	3,040	1,421	10,185
Miscellaneous	3,431	0	0	3,431
<i>Total Receipts</i>	<u>2,033,748</u>	<u>3,040</u>	<u>1,421</u>	<u>2,038,209</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 1,038,817	\$ -	\$ -	\$ 1,038,817
Support Services:				
Facilities Operation and Maintenance	0	0	2,408	2,408
Capital Outlay	22,885	0	0	22,885
<i>Total Disbursements</i>	<u>1,061,702</u>	<u>0</u>	<u>2,408</u>	<u>1,064,110</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>972,046</u>	<u>3,040</u>	<u>(987)</u>	<u>974,099</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	256,592	0	256,592
Transfers Out	(256,592)	0	0	(256,592)
<i>Total Other Financing Sources (Uses)</i>	<u>(256,592.00)</u>	<u>256,592.00</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	715,454	259,632	(987)	974,099
<i>Fund Balances Beginning of Year</i>	<u>562,189</u>	<u>498,126</u>	<u>234,332</u>	<u>1,294,647</u>
<i>Fund Balances End of Year</i>	<u>\$1,277,643</u>	<u>\$757,758</u>	<u>\$233,345</u>	<u>\$2,268,746</u>

See accompanying notes to the basic financial statements

**Community Library of Big Walnut Local School District**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$822,463	\$822,463	\$746,878	(\$75,585)
Public Library	575,840	592,257	589,182	(3,075)
Intergovernmental	0		84,141	84,141
Patron Fines and Fees	10,000	10,000	12,974	2,974
Contributions, Gifts and Donations	7,000	11,000	591,418	580,418
Earnings on Investments	2,000	2,000	5,724	3,724
Miscellaneous	500	500	3,431	2,931
<i>Total Receipts</i>	<u>1,417,803</u>	<u>1,438,220</u>	<u>2,033,748</u>	<u>595,528</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 1,230,649	\$ 1,237,649	\$ 1,045,289	\$ 192,360
Capital Outlay	99,350	99,350	35,482	63,868
Debt Service:				
<i>Total Disbursements</i>	<u>1,329,999</u>	<u>1,336,999</u>	<u>1,080,771</u>	<u>256,228</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>87,804</u>	<u>101,221</u>	<u>952,977</u>	<u>851,756</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(239,675)	(256,592)	(256,592)	0
Other Financing Uses	(410,318)	(406,818)		406,818
<i>Total Other Financing Sources (Uses)</i>	<u>(649,993)</u>	<u>(663,410)</u>	<u>(256,592)</u>	<u>406,818</u>
<i>Net Change in Fund Balance</i>	(562,189)	(562,189)	696,385	1,258,574
<i>Unencumbered Fund Balance Beginning of Year</i>	556,583	556,583	556,583	0
Prior Year Encumbrances Appropriated	5,606	5,606	5,606	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,258,574</u>	<u>\$1,258,574</u>

See accompanying notes to the basic financial statements

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Description of the Library and Reporting Entity**

The Community Library of Big Walnut School (the Library) was organized as a school district public library in 1944 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Big Walnut Local School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 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 Clerk/Treasurer.

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 purposes 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.

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

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Community Library Friends is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Although the economic resources of the Community Library Friends almost entirely benefits the Library, the Library is not entitled nor does it have access to the economic resources of the Community Library Friends. While the resources received by the Library from the Friends serves to enhance programs, facilities and collection, these resources are not significant proportionally to the Library's annual budget.

Community Library Foundation (the "Foundation") was founded in 1998 to receive and manage major donations made to benefit the Library. The seven-member Board of Directors is appointed by the Library's Board of Trustees to maintain secure investments, promote fund raising and determine appropriate use of funds. Appropriate use may include: services to the Big Walnut community, grant funding, scholarships, continuing education for the Library staff, and bringing traveling programs to the community. Its resources are not exclusively for the Library and the Library does not have access to those resources.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Library's accounting policies.



**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental type activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

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

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds:

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

***Major Capital Project Fund*** The Major Capital Project fund accounts for monies set aside by the Board of Library Trustees specifically for major capital projects (project in excess of \$50,000) and technology improvements.

***Minor Capital Project Fund*** The Minor Capital Project fund accounts for monies set aside by the Board of Library Trustees specifically for minor capital projects (project of \$50,000 and less) such as repairs and maintenance on the facility and grounds.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

The Library's financial statements are prepared using the modified cash basis of accounting. With the exception of investment purchases and sales, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

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

***Budgetary Process***

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

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

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

***Cash and Cash Equivalents***

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Cash and Cash Equivalents (Continued)***

During 2018, the Library invested in nonnegotiable certificates of deposit, municipal bonds, mutual funds, and government securities. Investments are reported at cost, except for the mutual funds. The Library's mutual fund investment is recorded at the amount reported by Morgan Stanley on December 31, 2018.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the Library were \$10,185.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

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

***Capital Assets***

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

***Interfund Receivables/Payables***

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Long-Term Obligations***

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

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Library Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

***Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the *modified* cash basis are as follows:

- Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis). Outstanding encumbrances at year-end were \$19,069 for the General Fund. No other funds had any outstanding encumbrances.

**Note 4 – Deposits and Investments**

State statutes classify monies held by the Library into three categories.

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

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

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments (Continued)**

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in 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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 – Deposits and Investments (Continued)**

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$135 in undeposited cash on hand which is included as part of “Cash” or “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

***Deposits***

At December 31, 2018, all Library deposits were insured or collateralized. Of the Library’s \$1,695,655 bank balance, \$500,000 was insured by the Federal Deposit Insurance Corporation. The remaining uninsured balance held with First Commonwealth Bank was 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 institutions.

***Investments***

As of December 31, 2018, the Library had the following investments:

	Measurement Value
Money Mark Funds	\$170,474
Municipal Bond	87,881
Government Securities	9,971
Certificates of Deposit	250,000
Mutual Funds	317,039
<b>Total Portfolio</b>	<b>\$835,365</b>

	Investment Maturities (in Years)		
	Measurement Amount	Less than 1	1-2
Money Market Funds	170,474	170,474	0
Municipal Bonds	\$87,881	\$87,881	\$0
Government Securities	9,971	9,971	0
Certificates of Deposit	250,000	0	250,000
Mutual Funds	317,039	317,039	0
<b>Total Investments</b>	<b>\$835,365</b>	<b>\$585,365</b>	<b>\$250,000</b>

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Grants in Aid and Property Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2018, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$810,567,630
Public Utility Personal Property	<u>130,844,650</u>
Total	<u><u>\$941,412,280</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.



**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 6 – Interfund Balances and Transfers**

**Transfers**

During 2018, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u> <u>Major Fund</u>	<u>Total</u>
	General	
Major Funds:		
Major Capital Project Fund	(\$256,592)	(\$256,592)

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 7 – Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 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. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of 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, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$4,330,789</u>

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

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 – Defined Benefit Pension Plan**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Library employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit /defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the

Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018*

**Note 8 – Defined Benefit Pension Plan (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)***

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 8 – Defined Benefit Pension Plan (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)***

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2018 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
<b>2018 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$83,046 for the year 2018.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

**Community Library of Big Walnut Local School District**  
*Delaware County*

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 10 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Major Capital Projects	Minor Capital Projects	Total
<b>Assigned to</b>				
Capital Improvements	0	757,758	233,345	991,103
Outstanding Encumbrances	19,069			19,069
<i>Total Assigned</i>	<u>19,069</u>	<u>757,758</u>	<u>233,345</u>	<u>1,010,172</u>
<b>Unassigned (Deficit)</b>	<u>1,258,574</u>			<u>1,258,574</u>
<i>Total Fund Balances</i>	<u><u>\$1,277,643</u></u>	<u><u>\$757,758</u></u>	<u><u>\$233,345</u></u>	<u><u>\$2,268,746</u></u>

In addition to the above fund balance constraints, the Library has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Library established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Library Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2018, is \$400,318.

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plan in which the Library participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either Federal or State, cannot be estimated.

# OHIO AUDITOR OF STATE KEITH FABER



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CentralRegion@ohioauditor.gov

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

Community Library of Big Walnut LSD  
Delaware County  
44 Burrer Drive  
Sunbury, Ohio 43074

To the Board of Community Library of Big Walnut LSD:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of the Community Library of Big Walnut LSD, Delaware County, (the Library) as of and for the year ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2020, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles and the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2019-001 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*.

***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

October 15, 2020



THE COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

**Material Weakness- Financial Reporting**

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.

Paragraphs 75 and 76 of Government Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 37 paragraph 15, provide the focus of governmental and proprietary fund financial statements on major funds. Fund statements should present the financial information of each major fund in a separate column. Nonmajor funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Although the Library's Capital Project funds met the above criteria to be presented as a Major Fund, the Library's 2019 and 2018 financial statements erroneously presented the Major and Minor Capital Project Funds under other governmental funds.

In addition to the adjustments listed above, we identified errors and omissions within the Notes to the Financial Statements.

The Library lacks internal controls and review procedures to help ensure receipts, expenditures, and fund balances and major funds are properly classified and identified on the financial statements. Presenting inaccurate financial information resulted in significant modifications to the Library's financial statements.

**THE COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001 (Continued)**

**Material Weakness- Financial Reporting (Continued)**

The Library should establish and implement procedures to verify that all funds meeting the criteria of a major fund under GASB Statement No. 34 are presented as such on the financial statements. Failure to do so, could result in the activity of a significant fund being reported incorrectly. The Library should also review current policies to enhance controls over recording transactions and financial reporting to help ensure information accurately reflects the activity of the Library increasing the reliability of the financial data throughout the year. The financial statements have been adjusted to reflect the proper placement of the major fund activity.

**Officials' Response**

The library always strives to present financial information as accurately as possible and comply with governmental accounting standards to ensure the public can easily review and evaluate the use of public funds.

The major and minor capital funds were established in late 2010 to help prepare for increased maintenance costs on an aging building and for future expansion as the community grows. Since their inception, the capital funds have been displayed in two rows, but aggregated in a single column on the annual financial statement. Those statements have been audited on a biennial basis. During the previous four audits, it was never brought to our attention that the capital funds were being reported erroneously. If so, we would have adjusted the presentation much earlier and reported the funds in the preferred separate columns.

Despite the funds being presented in a single column, the amounts reported were correct and reflected the accurate value of funds available for ongoing and future capital projects.

**Auditor of State Conclusion**

The prior 2 engagements (FYE 2014/2015 & 2016/2017) were agreed upon procedures and no analysis of the major/minor capital projects fund was performed. A major fund determination should be performed annually by the Library for proper presentation.

# OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY LIBRARY OF BIG WALNUT LOCAL SCHOOL DISTRICT**

**DELAWARE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/17/2020**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)