

LIMA PUBLIC LIBRARY

ALLEN COUNTY, OHIO

**Financial Statements
(Audited)**

**For the Years Ended
December 31, 2019 and 2018**



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Board of Trustees
Lima Public Library
650 West Market Street
Lima, Ohio 45801

We have reviewed the *Independent Auditor's Report* of the Lima Public Library, Allen County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lima Public Library is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 25, 2020

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**LIMA PUBLIC LIBRARY
ALLEN COUNTY, OHIO**

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Independent Auditor's Report

Lima Public Library
Allen County
650 West Market Street
Lima, Ohio 45801

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Lima Public Library, Allen County, Ohio as of and for the years ended December 31, 2019 and December 31, 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Lima Public 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 Lima Public Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Lima Public Library as of December 31, 2019 and December 31, 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Lima Public Library, Allen County as of December 31, 2019 and December 31, 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Lima Public Library. We did not modify our opinion regarding this matter.

As discussed in Note 11 to the financial statements for the year ended December 31, 2018, the Lima Public Library restated certain fund balances to reclass a certain funds activity. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020, on our consideration of the Lima Public 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 Lima Public Library's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 18, 2020

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$ 3,283,354	\$ -	\$ -	\$ 3,283,354
Patron Fines and Fees	40,966	-	-	40,966
Services Provided to Other Entities	30	-	-	30
Contributions, Gifts and Donations	12,902	97,067	-	109,969
Earnings on Investments	96,102	-	-	96,102
Miscellaneous	20,719	-	-	20,719
<i>Total Cash Receipts</i>	<u>3,454,073</u>	<u>97,067</u>	<u>-</u>	<u>3,551,140</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	2,509,472	110,283	-	2,619,755
Capital Outlay	146,420	14,355	300,843	461,618
<i>Total Cash Disbursements</i>	<u>2,655,892</u>	<u>124,638</u>	<u>300,843</u>	<u>3,081,373</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>798,181</u>	<u>(27,571)</u>	<u>(300,843)</u>	<u>469,767</u>
Other Financing Receipts (Disbursements)				
Sale of Assets	5,492	-	-	5,492
Transfers In	-	-	303,285	303,285
Transfers Out	(303,285)	-	-	(303,285)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(297,793)</u>	<u>-</u>	<u>303,285</u>	<u>5,492</u>
<i>Net Change in Fund Cash Balances</i>	500,388	(27,571)	2,442	475,259
<i>Fund Cash Balances, January 1</i>	<u>5,196,521</u>	<u>310,081</u>	<u>1,636</u>	<u>5,508,238</u>
Fund Cash Balances, December 31				
Restricted	-	282,510	-	282,510
Committed	-	-	-	-
Assigned	785,200	-	4,078	789,278
Unassigned (Deficit)	4,911,709	-	-	4,911,709
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,696,909</u>	<u>\$ 282,510</u>	<u>\$ 4,078</u>	<u>\$ 5,983,497</u>

See accompanying notes to the financial statements

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Lima Public Library (the “Library”), Allen County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Lima City School District appoints a seven-member Board of Trustees to govern the Library. The Library provides materials and services for the informational, educational and recreational enrichment of the citizens of Allen County.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Special Revenue Fund The Special Revenue Fund accounts for grant monies received and expended by the Library and for the contributions, gifts and donations from the Lima Library Association to be used for Library programs.

Special Revenue – Memorial Gift Donation Fund The Special Revenue – Memorial Gift Donation Fund accounts for contributions, gifts and donations received and expended by the Library.

Capital Project Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following Capital Project Fund:

Capital Projects Fund The Capital Projects Fund tracks expenditures pertaining to major building improvements, acquisition of property and replacement of furniture and fixtures.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgetary Process

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market deposits, certificates of deposit, CDARS and checking accounts are presented at their current value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,346,500	\$3,459,565	\$113,065
Special Revenue	200,000	97,067	(102,933)
Capital Projects	485,000	303,285	(181,715)
Total	\$4,031,500	\$3,859,917	(\$171,583)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,767,500	\$2,959,177	\$808,323
Special Revenue	327,500	124,638	202,862
Capital Projects	485,000	300,843	184,157
Total	\$4,580,000	\$3,384,658	\$1,195,342

Note 4 – Deposits

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

	2019
Demand deposits	\$892,181
Certificates of deposit	264,308
Other time deposits (savings and CDARS)	4,827,008
Total deposits	\$5,983,497

Deposits

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

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Grants in Aid

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.

Note 6 – Interfund Activity

Transfers

During 2019, the Library transferred \$303,285 from the General Fund to the Capital Projects Fund to pay for capital improvements.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Postemployment Benefits

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

Note 10 – Debt

Leases

The Library leases equipment under noncancelable leases. The Library disbursed \$17,277 to pay lease costs for the year ended December 31, 2019.

Note 11 – Subsequent Event

The United States of America 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 ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$ 3,151,121	\$ -	\$ -	\$ 3,151,121
Intergovernmental	-	11,506	-	11,506
Patron Fines and Fees	40,690	-	-	40,690
Contributions, Gifts and Donations	9,820	66,001	10,229	86,050
Earnings on Investments	76,585	-	-	76,585
Miscellaneous	9,926	2,976	-	12,902
<i>Total Cash Receipts</i>	<u>3,288,142</u>	<u>80,483</u>	<u>10,229</u>	<u>3,378,854</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	2,378,526	84,282	-	2,462,808
Capital Outlay	265,885	4,924	742,744	1,013,553
<i>Total Cash Disbursements</i>	<u>2,644,411</u>	<u>89,206</u>	<u>742,744</u>	<u>3,476,361</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>643,731</u>	<u>(8,723)</u>	<u>(732,515)</u>	<u>(97,507)</u>
Other Financing Receipts (Disbursements)				
Sale of Assets	4,725	-	-	4,725
Transfers In	-	-	720,000	720,000
Transfers Out	(720,000)	-	-	(720,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(715,275)</u>	<u>-</u>	<u>720,000</u>	<u>4,725</u>
<i>Net Change in Fund Cash Balances</i>	(71,544)	(8,723)	(12,515)	(92,782)
<i>Fund Cash Balances, January 1 (restated)</i>	<u>5,268,065</u>	<u>318,804</u>	<u>14,151</u>	<u>5,601,020</u>
Fund Cash Balances, December 31				
Restricted	-	310,081	-	310,081
Committed	-	-	1,636	1,636
Assigned	418,700	-	-	418,700
Unassigned (Deficit)	4,777,821	-	-	4,777,821
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,196,521</u>	<u>\$ 310,081</u>	<u>\$ 1,636</u>	<u>\$ 5,508,238</u>

See accompanying notes to the financial statements

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Lima Public Library (the “Library”), Allen County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Lima City School District appoints a seven-member Board of Trustees to govern the Library. The Library provides materials and services for the informational, educational and recreational enrichment of the citizens of Allen County.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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Special Revenue Fund The Special Revenue Fund accounts for grant monies received and expended by the Library and for the contributions, gifts and donations from the Lima Library Association to be used for Library programs.

Special Revenue – Memorial Gift Donation Fund The Special Revenue – Memorial Gift Donation Fund accounts for contributions, gifts and donations received and expended by the Library.

Capital Project Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following Capital Project Fund:

Capital Projects Fund The Capital Projects Fund tracks expenditures pertaining to major building improvements, acquisition of property and replacement of furniture and fixtures.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Budgetary Process

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market deposits, certificates of deposit, CDARS and checking accounts are presented at their current value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Note 3 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,150,200	\$3,292,867	\$142,667
Special Revenue	141,800	80,483	(61,317)
Capital Projects	1,070,000	730,229	(339,771)
Total	\$4,362,000	\$4,103,579	(\$258,421)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,123,800	\$3,364,411	\$759,389
Special Revenue	378,800	89,206	289,594
Capital Projects	1,080,000	742,744	337,256
Total	\$5,582,600	\$4,196,361	\$1,386,239

Note 4 – Deposits

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

	2018
Demand deposits	\$504,733
Certificates of deposit	259,759
Other time deposits (savings and CDARS)	4,743,746
Total deposits	\$5,508,238

Deposits

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

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Grants in Aid

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.

Note 6 – Interfund Activity

Transfers

During 2018, the Library transferred \$720,000 from the General Fund to the Capital Projects Fund to pay for capital improvements.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

Lima Public Library
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Leases

The Library leases equipment under noncancelable leases. The Library disbursed \$18,679 to pay lease costs for the year ended December 31, 2018.

Note 11 – Restatement

The Library reevaluated its Enterprise Fund and determined it no longer met the fund type requirements and restated the beginning balance and activity to the General Fund. The restatement had the following effect:

Fund	Balance 12/31/2017	Reclassification	Restated Balance 1/1/2018
General	\$ 5,262,899	\$ 5,166	\$ 5,268,065
Enterprise	5,166	(5,166)	-

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Lima Public Library
Allen County
650 West Market Street
Lima, Ohio 45801

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Lima Public Library, Allen County, Ohio as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2020, wherein we noted the Lima Public Library followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods. Additionally, as discussed in Note 11 to the financial statements for the year ended December 31, 2018, the Lima Public Library restated certain fund balances to reclassify a certain funds activity.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Lima Public 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 Lima Public 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 Lima Public 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 and responses 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 Lima Public 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*.

Lima Public Library's Response to Finding

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

Purpose of this Report

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



Julian & Grube, Inc.
June 18, 2020

**LIMA PUBLIC LIBRARY
ALLEN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND DECEMBER 31, 2018**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Material Weakness – Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Library, this could also include reviewing the fiscal year-end UAN reports to ensure activity is reported in the correct line items and fund balances are properly classified.

The following adjustments were made to properly state the financial statements and notes:

Year ended December 31, 2018:

- \$418,700 was reclassified from Unassigned Fund Balance to Assigned Fund Balance in the General Fund to properly present subsequent year appropriations in excess of estimated receipts.
- Fund 6001, the Internal Service Fund, was reclassified as a Special Revenue Fund. As a result, the opening balance of \$302,606, receipts of \$3,158, disbursements of \$3,684 and the ending balance of \$302,080 was reclassified from an Internal Service Fund Type to a Special Revenue Fund Type.
- Fund 5001, the Enterprise Fund, was reclassified to the General Fund. As a result, the opening balance of \$5,166, receipts of \$2,462, disbursements of \$2,470 and the ending balance of \$5,158 was reclassified from an Enterprise Fund Type to the General Fund.

Year ended December 31, 2019:

- \$785,200 was reclassified from Unassigned Fund Balance to Assigned Fund Balance in the General Fund to properly present subsequent year appropriations in excess of estimated receipts.
- Fund 5001, the Enterprise Fund, was reclassified to the General Fund. As a result, the opening balance of \$5,158, receipts of \$142 and disbursements of \$5,300 was reclassified from an Enterprise Fund Type to the General Fund.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Library’s activity.

We recommend the Library consult with their auditors and governmental accounting resources found on the Auditor of State website, to help ensure accurate financial reporting. The Library may want to consider additional financial statement reviews prior to submission of their annual reports on the Hinkle System.

Client Response: The Fiscal Officer will continue to work to provide a sound fiscal environment for the Library and has implemented additional policies and procedures to help with financial statement presentation.

**LIMA PUBLIC LIBRARY
ALLEN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND DECEMBER 31, 2018**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2017-001	2017	<u>Material Weakness – Enterprise Fund Receipts</u> : Documentation should be maintained to support the completeness, accuracy, cut-off, and classification of receipts from the sale of merchandise. The Library charged patrons for the sale of merchandise and recorded these receipts into the Enterprise Fund. During 2017 and 2016 multiple weaknesses were identified from the sale of merchandise which resulted in the qualification of 100% of the receipts in the Enterprise Fund.	Corrected	N/A
2017-002	2017	<u>Material Weakness - Accuracy of Financial Reporting</u> : Management is responsible for the preparation and fair presentation of their financial statements. Material adjustments were made to the Hinkle filed financial statements and notes to the financial statements.	Not Corrected	Repeated as finding 2019-001

OHIO AUDITOR OF STATE KEITH FABER



LIMA PUBLIC LIBRARY

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/8/2020

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

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