

MARION PUBLIC LIBRARY

MARION COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Marion Public Library
44 East Church Street
Marion, Ohio 43302

We have reviewed the *Independent Auditor's Report* of the Marion Public Library, Marion County, prepared by Charles E. Harris & Associates, 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 Marion Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 7, 2020

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*Marion Public Library
Marion County
Regular Audit
For the Years Ended December 31, 2019 and 2018*

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INDEPENDENT AUDITOR'S REPORT

Marion Public Library
Marion County
44 East Church Street
Marion, Ohio 43302

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 Marion Public Library, Marion County, (the Library) as of and for the years ended December 31, 2019 and 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 Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

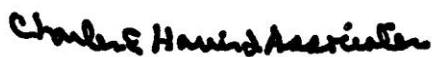
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Marion Public Library, Marion County as of December 31, 2019 and 2018, for the years then ended in accordance with 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 Matter

As discussed in Note 11 to the 2019 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 opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 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.



Charles E. Harris & Associates, Inc.
May 30, 2020

Marion Public Library
Marion 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	\$ 2,204,428	\$ -	\$ -	\$ 2,204,428
Intergovernmental	2,044	66,944	-	68,988
Patron Fines and Fees	16,548	-	-	16,548
Contributions, Gifts and Donations	41,663	-	-	41,663
Earnings on Investments	43,807	3,072	11	46,890
Miscellaneous	21,700	-	-	21,700
<i>Total Cash Receipts</i>	2,330,190	70,016	11	2,400,217
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	15,524	64,894	-	80,418
Collection Development and Processing	194,689	-	-	194,689
Support Services:				
Facilities Operation and Maintenance	192,686	-	-	192,686
Information Services	54,009	-	-	54,009
Business Administration	1,641,565	-	-	1,641,565
Capital Outlay	7,130	-	101,602	108,732
<i>Total Cash Disbursements</i>	2,105,603	64,894	101,602	2,272,099
<i>Excess of Receipts Over (Under) Disbursements</i>	224,587	5,122	(101,591)	128,118
Other Financing Receipts (Disbursements)				
Transfers In	-	-	200,000	200,000
Transfers Out	(200,000)	-	-	(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(200,000)	-	200,000	-
<i>Net Change in Fund Cash Balances</i>	24,587	5,122	98,409	128,118
<i>Fund Cash Balances, January 1</i>	972,039	314,693	840,307	2,127,039
Fund Cash Balances, December 31				
Restricted	-	319,815	-	319,815
Assigned	-	-	938,716	938,716
Unassigned	996,626	-	-	996,626
<i>Fund Cash Balances, December 31</i>	\$ 996,626	\$ 319,815	\$ 938,716	\$ 2,255,157

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

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

Note 1 – Reporting Entity

The Marion Public Library, Marion County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board of Education of the School District. The Library provides the community with various educational and literary resources.

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

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

Let’s Read 20 Fund This fund accounts for and reports intergovernmental receipts for the purpose of building a community of readers by encouraging everyone to read to a child for at least 20 minutes each day from birth through elementary school.

Young Estate Trust Fund During 2006, this fund was reclassified to a Special Revenue fund since the bequest of stock and its earnings can be expended for the purchase of books and reference materials for the Library.

Capital Project Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Project Fund:

Capital Projects Fund This fund accounts for and reports transfers from the General Fund for various building projects in the Library district.

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

Note 2 - Summary of Significant Accounting Policies – (continued)

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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary may not exceed appropriations at the 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Nonnegotiable certificates of deposit are valued at cost.

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

The Library's sick time policy states the unused sick time is not paid out upon termination of employment, however upon retirement with a minimum of ten years of service, the Library will pay 25% of the accumulated balance of sick time at the time of retirement. Unused leave is not reflected as a liability under the basis of accounting the Library uses.

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

Note 2 - Summary of Significant Accounting Policies – (continued)

Fund Balance

Fund balances are 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 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 Trustees or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

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

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	\$ 2,244,222	\$ 2,330,190	\$ 85,968
Special Revenue	60,000	70,016	10,016
Capital Projects	-	200,011	200,011

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,310,956	\$ 2,305,603	\$ 5,353
Special Revenue	66,125	64,894	1,231
Capital Projects	150,000	101,602	48,398

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$ 208,657
Total deposits	208,657
Star Ohio	2,046,500
Total Investments	2,046,500
Total Deposits & Investments	\$ 2,255,157

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, 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.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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

Note 5 – 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- Risk Management

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;
- Vehicles; and
- Errors and omissions.

There were no claims that exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

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

Note 8 - Postemployment Benefits

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

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

Note 9 – Contingent Liabilities

The Library may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Library's financial condition.

Note 10 – Transfers

During 2019, transfers were made from the General Fund to the Capital Project Fund by resolution of the Board of Trustees to set aside funds for future capital improvements which is in compliance with the Ohio Revised Code.

Note 11 – Subsequent Event

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 ensuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of 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.

Marion Public Library
Marion 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	\$ 2,116,025	\$ -	\$ -	\$ 2,116,025
Intergovernmental	4,299	106,550		110,849
Patron Fines and Fees	27,160	-	-	27,160
Contributions, Gifts and Donations	53,697	-	-	53,697
Earnings on Investments	36,929	2,530	9	39,468
Miscellaneous	16,442	-	-	16,442
<i>Total Cash Receipts</i>	2,254,552	109,080	9	2,363,641
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,342	48,876	-	52,218
Collection Development and Processing	188,424	-	-	188,424
Support Services:				
Facilities Operation and Maintenance	207,801	-	-	207,801
Information Services	56,635	-	-	56,635
Business Administration	1,523,390	-	-	1,523,390
Capital Outlay	19,671	-	390,764	410,435
<i>Total Cash Disbursements</i>	1,999,263	48,876	390,764	2,438,903
<i>Excess of Receipts Over (Under) Disbursements</i>	255,289	60,204	(390,755)	(75,262)
Other Financing Receipts (Disbursements)				
Transfers In	-	-	180,000	180,000
Transfers Out	(180,000)	-	-	(180,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(180,000)	-	180,000	-
<i>Net Change in Fund Cash Balances</i>	75,289	60,204	(210,755)	(75,262)
<i>Fund Cash Balances, January 1</i>	896,750	254,489	1,051,062	2,202,301
Fund Cash Balances, December 31				
Restricted	-	314,693	-	314,693
Assigned	66,734	-	840,307	907,041
Unassigned	905,305	-	-	905,305
<i>Fund Cash Balances, December 31</i>	\$ 972,039	\$ 314,693	\$ 840,307	\$ 2,127,039

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

Note 1 – Reporting Entity

The Marion Public Library, Marion County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board of Education of the School District. The Library provides the community with various educational and literary resources.

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

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

Let’s Read 20 Fund This fund accounts for and reports intergovernmental receipts for the purpose of building a community of readers by encouraging everyone to read to a child for at least 20 minutes each day from birth through elementary school.

Young Estate Trust Fund During 2006, this fund was reclassified to a Special Revenue fund since the bequest of stock and its earnings can be expended for the purchase of books and reference materials for the Library.

Capital Project Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Project Fund:

Capital Projects Fund This fund accounts for and reports transfers from the General Fund for various building projects in the Library district.

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

Note 2 - Summary of Significant Accounting Policies – (continued)

Basis of Accounting

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

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary may not exceed appropriations at the 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Nonnegotiable certificates of deposit are valued at cost.

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

The Library's sick time policy states the unused sick time is not paid out upon termination of employment, however upon retirement with a minimum of ten years of service, the Library will pay 25% of the accumulated balance of sick time at the time of retirement. Unused leave is not reflected as a liability under the basis of accounting the Library uses.

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

Note 2 - Summary of Significant Accounting Policies – (continued)

Fund Balance

Fund balances are 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 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 Trustees or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

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

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	\$ 2,115,350	\$ 2,254,552	\$ 139,202
Special Revenue	102,000	109,080	7,080
Capital Projects	-	180,009	180,009

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,195,758	\$ 2,179,263	\$ 16,495
Special Revenue	60,000	48,876	11,124
Capital Projects	450,000	390,764	59,236

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$ 127,408
Total deposits	127,408
Star Ohio	1,999,631
Total Investments	1,999,631
Total Deposits & Investments	\$ 2,127,039

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, 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.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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

Note 5 – 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- Risk Management

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;
- Vehicles; and
- Errors and omissions.

There were no claims that exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

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

Note 8 - Postemployment Benefits

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

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

Note 9 – Contingent Liabilities

The Library may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Library's financial condition.

Note 10 – Transfers

During 2018, transfers were made from the General Fund to the Capital Project Fund by resolution of the Board of Trustees to set aside funds for future capital improvements which is in compliance with the Ohio Revised Code.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Marion Public Library
Marion County
44 East Church Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Marion Public Library, Marion County, Ohio (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 30, 2020, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

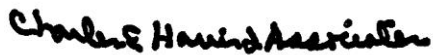
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters not requiring inclusion in this report that we reported to management in a separate letter dated May 30, 2020.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 30, 2020

OHIO AUDITOR OF STATE KEITH FABER



MARION PUBLIC LIBRARY

MARION 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 8/20/2020

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