

***ORRVILLE PUBLIC LIBRARY***

***WAYNE 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  
Orrville Public Library  
230 North Main Street  
Orrville, Ohio 44667

We have reviewed the *Independent Auditor's Report* of the Orrville Public Library, Wayne 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 Orrville 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

June 25, 2020

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**Orrville Public Library**  
*Wayne County*  
For the Years Ended December 31, 2019 and 2018

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**INDEPENDENT AUDITOR'S REPORT**

Orrville Public Library  
Wayne County  
230 North Main Street,  
Orrville, OH 44667

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 Orrville Public Library, Wayne County, Ohio (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 the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 determined, 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 Orrville Public Library, Wayne 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.

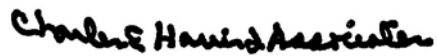
***Emphasis of matter***

As discussed in Note 12 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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.***  
April 20, 2020

**Orrville Public Library**  
*Wayne 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	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$350,537	\$0	\$0	\$0	\$350,537
Public Library	608,194	0	0	0	608,194
Intergovernmental	35,120	0	0	0	35,120
Patron Fines and Fees	18,597	0	0	0	18,597
Contributions, Gifts and Donations	20,921	0	0	0	20,921
Earnings on Investments	15,418	0	5,911	1	21,330
<i>Total Cash Receipts</i>	<u>1,048,787</u>	<u>0</u>	<u>5,911</u>	<u>1</u>	<u>1,054,699</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	507,081	1,361	0	0	508,442
Collection Development and Processing	18,790	0	0	0	18,790
Support Services:					
Facilities Operation and Maintenance	242,182	0	0	0	242,182
Business Administration	226,568	0	0	0	226,568
Capital Outlay	17,732	0	0	0	17,732
<i>Total Cash Disbursements</i>	<u>1,012,353</u>	<u>1,361</u>	<u>0</u>	<u>0</u>	<u>1,013,714</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	36,434	(1,361)	5,911	1	40,985
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	0	0	100,000	0	100,000
Transfers Out	(100,000)	0	0	0	(100,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(63,566)	(1,361)	105,911	1	40,985
<i>Fund Cash Balances, January 1</i>	<u>664,886</u>	<u>1,361</u>	<u>333,366</u>	<u>1,512</u>	<u>1,001,125</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	1,513	1,513
Assigned	128,847	0	439,277	0	568,124
Unassigned	472,473	0	0	0	472,473
<i>Fund Cash Balances, December 31</i>	<u>\$601,320</u>	<u>\$0</u>	<u>\$439,277</u>	<u>\$1,513</u>	<u>\$1,042,110</u>

See accompanying notes to the financial statements

**Orrville Public Library**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Orrville Public Library (the Library), Wayne 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 Orrville City Schools Board of Education appoints a 7-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**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 is 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 significant Special Revenue Fund:

***Arnold Fund*** This fund accounts for receipts restricted by donors for specific purposes.

***Capital Project Funds*** 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:

***Building and Repair Fund*** The building and repair fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

***Permanent Fund*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting library's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

**Orrville Public Library**  
Wayne County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Fund Accounting (continued)***

***Toalston Trust Fund*** The library endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the purchase of books on travel and world affairs.

***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 expenditures (that is, disbursements and encumbrances) 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.

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 a NAV per share that approximates fair 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 retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

**Orrville Public Library**  
Wayne County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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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 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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue 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.

**Orrville Public Library**  
Wayne County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

**Note 3 - Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,044,850	\$1,048,787	\$3,937
Special Revenue	0	0	0
Capital Projects	8,000	105,911	97,991
Permanent	3	1	(2)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,203,752	\$1,112,351	\$91,401
Special Revenue	1,361	1,361	0
Capital Projects	150,000	0	150,000
Permanent	0	0	0

**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
Petty cash	\$ 300
Demand deposits	382,121
Certificate of Deposit	104,114
Total deposits	486,535
Star Ohio	555,575
Total Investments	555,575
Total Deposits & Investments	\$ 1,042,110

**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.

**Orrville Public Library**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Investments***

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

**Note 5 – Grants in Aid and 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***

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

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

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

**Note 6 – Transfers**

During 2019, a transfer of \$100,000 was made from the General Fund to the Building and Repair Fund by resolution of the Board of Trustees to set aside funds for future capital improvements in compliance with the Ohio Revised Code.

**Note 7 – 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.

***Orrville Public Library***  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**Note 8 - 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 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, 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 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.

**Note 10 – Prior Period Adjustment**

The Library had a posting error for \$185 in a previous year. This resulted in the General Fund beginning balance increasing from \$664,701 to \$664,886 and the Capital Project Fund beginning balance decreasing from \$333,551 to \$333,366.



***Orrville Public Library***  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 11 – 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 12 – 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.

**Orrville Public Library**  
Wayne 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	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$339,452	\$0	\$0	\$0	\$339,452
Public Library	583,796	0	0	0	583,796
Intergovernmental	35,402	0	0	0	35,402
Patron Fines and Fees	22,383	0	0	0	22,383
Contributions, Gifts and Donations	28,352	0	0	0	28,352
Earnings on Investments	10,355	0	4,461	2	14,818
<i>Total Cash Receipts</i>	<u>1,019,740</u>	<u>0</u>	<u>4,461</u>	<u>2</u>	<u>1,024,203</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	481,294	0	0	0	481,294
Collection Development and Processing	18,659	0	0	0	18,659
Support Services:					
Facilities Operation and Maintenance	246,198	0	113,862	0	360,060
Business Administration	252,125	0	0	0	252,125
Capital Outlay	13,436	0	0	0	13,436
<i>Total Cash Disbursements</i>	<u>1,011,712</u>	<u>0</u>	<u>113,862</u>	<u>0</u>	<u>1,125,574</u>
<i>Net Change in Fund Cash Balances</i>	8,028	0	(109,401)	2	(101,371)
<i>Fund Cash Balances, January 1</i>	<u>656,673</u>	<u>1,361</u>	<u>442,952</u>	<u>1,510</u>	<u>1,102,496</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	1,512	1,512
Restricted	0	1,361	0	0	1,361
Assigned	172,613	0	333,551	0	506,164
Unassigned	492,088	0	0	0	492,088
<i>Fund Cash Balances, December 31</i>	<u>\$664,701</u>	<u>\$1,361</u>	<u>\$333,551</u>	<u>\$1,512</u>	<u>\$1,001,125</u>

*See accompanying notes to the financial statements*

**Orrville Public Library**  
Wayne County  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2018

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**Note 1 – Reporting Entity**

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

***Basis of Presentation***

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***Fund Accounting***

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**Orrville Public Library**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Fund Accounting - (continued)***

***Toalston Trust Fund*** The library endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the purchase of books on travel and world affairs.

***Basis of Accounting***

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***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2018 budgetary activity appears in Note 3.

***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 a NAV per share that approximates fair 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 retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

**Orrville Public Library**  
Wayne County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

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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 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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue 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.

**Orrville Public Library**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,013,925	\$1,019,740	\$5,815
Special Revenue	0	0	0
Capital Projects	4,000	4,461	461
Permanent	3	2	(1)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,257,838	\$1,025,423	\$232,415
Special Revenue	1,510	0	1,510
Capital Projects	312,552	113,862	198,690
Permanent	0	0	0

**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
Petty cash	\$ 300
Demand deposits	356,462
Certificate of Deposit	101,512
Total deposits	458,274
Star Ohio	542,851
Total Investments	542,851
Total Deposits & Investments	\$ 1,001,125

***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.

**Orrville Public Library**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Investments***

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

**Note 5 – Grants in Aid and 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***

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

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

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

**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.

***Orrville Public Library***  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Risk Management (continued)**

**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 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 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.

**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.



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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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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*

Orrville Public Library  
Wayne County  
230 North Main Street,  
Orrville, OH 44667

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 Orrville Public Library, Wayne County (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 April 20, 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 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 a 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 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 in the Schedule of Findings to be a material weakness.

***Compliance and Other Matters***

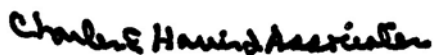
As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

***Entity's Response to Finding***

The Library's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Library's response and, accordingly, we express no opinion on it.

***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 and Associates, Inc.***  
April 20, 2020

**Orrville Public Library**  
*Wayne 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 – Material Weakness**

**Audit Adjustments, Reclassifications and Footnotes**

During 2019 and 2018, errors were noted in the Library’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- The subsequent year appropriations that exceed subsequent year estimated receipts were incorrectly reported as Unassigned Fund Balance instead of Assigned.
- The Capital Project fund, of which the Board did not identify a specific purpose by resolution and whose revenue source is primarily transfers from General Fund was incorrectly reported as Restricted Fund Balance instead of Assigned.
- The amounts in the Budgetary and Cash footnotes were adjusted.

Sound financial reporting is the responsibility of the Library and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Library follow their adopted policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board Statement Number 54, Audit Bulletin 2011-004, the Uniform Accounting Network Manual and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

**Management’s Response:**

See Corrective Action Plan on page 22.

***Orrville Public Library***  
*Wayne County*  
Corrective Action Plan  
December 31, 2019 and 2018

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2019-001	Management plans to use more care in completing the financial statements in the future and will review all postings prior to filing in the future.	05/28/2020	Patricia Carr, Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**ORRVILLE PUBLIC LIBRARY**

**WAYNE COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 9, 2020**