



OHIO AUDITOR OF STATE
KEITH FABER



**FAIRFIELD COUNTY DISTRICT LIBRARY
FAIRFIELD COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Fairfield County District Library
Fairfield County
219 North Broad Street
Lancaster, Ohio 43130

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Fairfield County District Library, Fairfield County, Ohio (the Library).

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 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 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification on the Special Revenue Funds

We were unable to obtain sufficient appropriate audit evidence supporting the beginning and ending fund balance amounts in 2020 and 2019 for the Special Revenue Funds due to inadequate documentation for restrictions, if any, placed on Contributions, Gifts and Donations by donors from prior periods. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. This amount represents 22% and 99% of the total Special Revenue Funds ending fund balance for 2020 and 2019 respectively.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on the Special Revenue Funds* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Special Revenue Funds as of and for the year ended December 31, 2020, and for the Special Revenue Funds as of and for the year ended December 31, 2019, and related notes of the Fairfield County District Library, Fairfield County, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General, Capital Projects and Permanent Funds combined total as of and for the year ended December 31, 2020, and for the General, Capital Projects and Permanent Funds as of and for the year ended December 31, 2019, and related notes of the Library, 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 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures may 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 February 1, 2022, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2022

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Fairfield County District Library
Fairfield County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	1,237,318	-	-	-	1,237,318
Public Library	2,546,488	-	-	-	2,546,488
Intergovernmental	48,814	128,000	-	-	176,814
Patron Fines and Fees	9,415	-	-	-	9,415
Contributions, Gifts and Donations	691	2,350	-	-	3,041
Earnings on Investments	14,411	9	-	81	14,501
Miscellaneous	71,361	-	-	-	71,361
<i>Total Cash Receipts</i>	<u>3,928,498</u>	<u>130,359</u>	<u>-</u>	<u>81</u>	<u>4,058,938</u>
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	1,346,756	300	-	-	1,347,056
Collection Development and Processing	891,547	-	-	-	891,547
Support Services:					
Facilities Operation and Maintenance	460,096	2,047	-	-	462,143
Information Services	315,517	-	-	-	315,517
Business Administration	474,579	26,031	-	-	500,610
Capital Outlay	-	70,855	-	-	70,855
<i>Total Cash Disbursements</i>	<u>3,488,495</u>	<u>99,233</u>	<u>-</u>	<u>-</u>	<u>3,587,728</u>
<i>Net Change in Fund Cash Balances</i>	440,003	31,126	-	81	471,210
<i>Fund Cash Balances, January 1</i>	<u>2,020,847</u>	<u>8,899</u>	<u>60,728</u>	<u>52,648</u>	<u>2,143,122</u>
<i>Fund Cash Balances, December 31</i>	<u><u>2,460,850</u></u>	<u><u>40,025</u></u>	<u><u>60,728</u></u>	<u><u>52,729</u></u>	<u><u>2,614,332</u></u>

See accompanying notes to the financial statements

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Fairfield County District Library, Fairfield County (the Library), 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 Library has its own seven-member Board of Trustees, four of which are appointed by the Board of County Commissioners and three by the Judges of the Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. The Library provides the community with various educational and literary resources.

Joint Venture

The Library is a member of the Central Library Consortium (the CLC), a joint venture. Note 10 to the financial statements provides additional information for this entity.

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

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 significant Special Revenue Fund:

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports receipts of CARES Act money for the purpose of providing public health services and maintenance to the Library.

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:

Improvement to Buildings Fund This fund’s proceeds are committed for improvements to the Library building.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Permanent Funds 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 government's programs (for the benefit of the government or its citizenry). The Library had the following significant Permanent funds:

Janet & Hugh Gilmore Memorial Fund This fund's interest earned is restricted for the purchase of materials for the Fairfield County District Library.

Charmaine Fritz Memorial Fund This fund's interest earned is restricted to support the Baltimore Branch Library.

Gladys Beougher Memorial Fund This fund's interest earned is restricted for the purchase of children's books.

George Martin Memorial Fund This fund's interest earned is restricted for the purchase of books for the Library.

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 expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control.

A summary of 2020 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 mutual funds are recorded at share values the mutual funds report. 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.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

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 cash basis of accounting.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Fairfield County District Library
 Fairfield County
 Notes to the Financial Statements
 For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,893,269	\$3,928,498	\$35,229
Special Revenue	130,500	130,359	(141)
Capital Projects	0	0	0
Permanent	0	81	81
Total	\$4,023,769	\$4,058,938	\$35,169

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,738,979	\$3,823,227	\$915,752
Special Revenue	135,825	130,903	4,922
Capital Projects	40,000	29,500	10,500
Permanent	0	0	0
Total	\$4,914,804	\$3,983,630	\$931,174

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

	2020
Demand deposits	\$147,300
Total deposits	147,300
STAR Ohio	2,429,993
Mutual Funds	37,039
Total investments	2,467,032
<i>Total carrying amount of deposits and investments</i>	<i>\$2,614,332</i>

The Library does not use a separate payroll clearing account or unremitted payroll withholdings. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

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 and mutual funds 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 Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020.

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 2020.

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.

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

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Joint Venture

The Library is a member of the Central Library Consortium (the CLC). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system.

The CLC, which commenced on June 13, 1988, has seventeen total members. Prior to March 2018, the members consisted of Alexandria Public Library, Bexley Public Library, Columbus Metropolitan Library, Fairfield County District Library, Grandview Heights Public Library, London Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, Southwest Public Libraries, Upper Arlington Public Library, Wagnalls Memorial Library, and Worthington Libraries. The original agreement has been modified to extend membership to additional libraries and in March 2018, the CLC added Delaware County District Library, Granville Public Library Association and Pataskala Public Library to its members. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president and a secretary. The CLC’s financial operations are accounted for in the Custodial Fund of the Grandview Heights Public Library. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 West 1st Avenue, Columbus, Ohio 43212.

Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library has no explicit and measurable equity interest in the venture. The Library’s only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library.

Note 11 – Fund Balances

Fund balances may include money that the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$334,732	\$31,670	\$29,500	\$ 395,902

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Change in Accounting Principle

For 2020, the Library has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Subsequent Events

Effective January 1, 2022, the Library has entered into an agreement to join the Stark County Schools Council of Governments as a member for the purposes of participating in its health benefits program as well as other programs that are or may become available. The Board of Trustees approved this membership in the November 16, 2021 meeting.

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Fairfield County District Library
Fairfield 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)
Cash Receipts					
Property and Other Local Taxes	1,164,455	-	-	-	1,164,455
Public Library	2,551,249	-	-	-	2,551,249
Intergovernmental	47,919	-	-	-	47,919
Patron Fines and Fees	41,243	-	-	-	41,243
Contributions, Gifts and Donations	9,546	3,035	-	-	12,581
Earnings on Investments	48,176	-	-	2,015	50,191
Miscellaneous	16,822	-	-	-	16,822
<i>Total Cash Receipts</i>	<u>3,879,410</u>	<u>3,035</u>	<u>-</u>	<u>2,015</u>	<u>3,884,460</u>
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	1,469,787	903	-	-	1,470,690
Collection Development and Processing	1,007,388	2,153	-	-	1,009,541
Support Services:					
Facilities Operation and Maintenance	546,307	-	-	-	546,307
Information Services	360,354	-	-	-	360,354
Business Administration	497,525	-	-	-	497,525
Capital Outlay	-	-	49,662	-	49,662
<i>Total Cash Disbursements</i>	<u>3,881,361</u>	<u>3,056</u>	<u>49,662</u>	<u>-</u>	<u>3,934,079</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,951)</u>	<u>(21)</u>	<u>(49,662)</u>	<u>2,015</u>	<u>(49,619)</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	-	41,545	-	41,545
Transfers Out	-	-	(41,545)	-	(41,545)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(1,951)	(21)	(49,662)	2,015	(49,619)
<i>Fund Cash Balances, January 1</i>	<u>2,022,798</u>	<u>8,920</u>	<u>110,390</u>	<u>50,633</u>	<u>2,192,741</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	52,024	52,024
Restricted	-	8,899	-	624	9,523
Committed	-	-	60,728	-	60,728
Assigned	864,679	-	-	-	864,679
Unassigned	1,156,168	-	-	-	1,156,168
<i>Fund Cash Balances, December 31</i>	<u><u>2,020,847</u></u>	<u><u>8,899</u></u>	<u><u>60,728</u></u>	<u><u>52,648</u></u>	<u><u>2,143,122</u></u>

See accompanying notes to the financial statements

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Fairfield County District Library (the Library), Fairfield 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 Library has its own seven-member Board of Trustees, four of which are appointed by the Board of County Commissioners and three by the Judges of the Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. The Library provides the community with various educational and literary resources.

Joint Venture

The Library is a member of the Central Library Consortium (the CLC), a joint venture. Note 11 to the financial statements provides additional information for this entity.

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

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 Fund:

Contributions, Gifts & Donations 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 Capital Project Funds:

Kiosk Fund This fund’s proceeds are committed to construction of a new kiosk at the Library.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Improvements to Building Fund This fund's proceeds are restricted for improvements to the Library building.

Permanent Funds 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 government's programs (for the benefit of the government or its citizenry). The Library had the following significant Permanent funds:

Janet & Hugh Gilmore Memorial Fund This fund's interest earned is restricted for the purchase of materials for the Fairfield County District Library.

Charmaine Fritz Memorial Fund This fund's interest earned is restricted to support the Baltimore Branch Library.

Gladys Beougher Memorial Fund This fund's interest earned is restricted for the purchase of children's books.

George Martin Memorial Fund This fund's interest earned is restricted for the purchase of books for the Library.

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 expenditures (that is, disbursements and encumbrances) 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.

Money market mutual funds are recorded at share values the mutual funds report. 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.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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 cash basis of accounting.

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.

Fairfield County District Library
 Fairfield 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	\$3,830,871	\$3,879,410	\$48,539
Special Revenue	3,000	3,035	35
Capital Projects	71,813	41,545	(30,268)
Permanent	0	2,015	2,015
Total	\$3,905,684	\$3,926,005	\$20,321

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,565,981	\$4,118,290	\$447,691
Special Revenue	7,105	3,381	3,724
Capital Projects	121,475	91,207	30,268
Permanent	0	0	0
Total	\$4,694,561	\$4,212,878	\$481,683

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	\$174,310
Total deposits	174,310
STAR Ohio	1,931,851
Mutual Funds	36,961
Total investments	1,968,812
<i>Total carrying amount of deposits and investments</i>	<i>\$2,143,122</i>

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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.

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.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 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 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 in the amount of \$41,545 were made between the Kiosk fund and the Building and Repair Fund by resolution of the Board of Trustees in compliance with the Ohio Revised Code.

Note 11 – Joint Venture

The Library is a member of the Central Library Consortium (the CLC). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system.

Fairfield County District Library
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Joint Venture (continued)

The CLC, which commenced on June 13, 1988, has seventeen total members. Prior to March 2018, the members consisted of Alexandria Public Library, Bexley Public Library, Columbus Metropolitan Library, Fairfield County District Library, Grandview Heights Public Library, London Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, Southwest Public Libraries, Upper Arlington Public Library, Wagnalls Memorial Library, and Worthington Libraries. The original agreement has been modified to extend membership to additional libraries and in March 2018, the CLC added Delaware County District Library, Granville Public Library Association and Pataskala Public Library to its members. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president and a secretary. The CLC's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 West 1st Avenue, Columbus, Ohio 43212.

Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library paid \$142,067 to the CLC in 2019. The Library has no explicit and measurable equity interest in the venture. The Library's only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Fairfield County District Library
Fairfield County
219 North Broad Street
Lancaster, Ohio 43130

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 for each governmental fund type combined total as of and for the year ended December 31, 2020, and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Fairfield County District Library, Fairfield County, (the Library) and have issued our report thereon dated February 1, 2022, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We qualified our opinion on the Special Revenue Funds because we were unable to obtain sufficient appropriate audit evidence supporting the beginning and ending fund balances due to inadequate documentation for restrictions, if any, placed on contributions, gifts and donations by donors from prior periods. We also noted the financial impact of COVID-19 and the ensuing emergency measures, which may impact subsequent periods of the Library.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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*.

Library's Response to Finding

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the 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 Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2022

**FAIRFIELD COUNTY DISTRICT LIBRARY
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDING NUMBER 2020-001

Beginning Balances for Special Revenue Funds, Donation Restrictions – Material Weakness

Contributions, gifts and donations are accepted by the Board Trustees of the Library at regular board meetings. Any restrictions provided by the donor are documented in the Library's meeting minutes. The Library has established a Special Revenue Fund called Contributions, Gifts and Donations for the purpose of accounting for receipts restricted by donors for specific purposes.

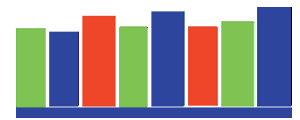
During the audit period, the Library established procedures to track the restrictions, if any, on donations collected within fiscal years 2020 and 2019 to help ensure restricted donations were spent for the specified purposes. However, beginning balances for the Contributions, Gifts and Donations fund includes \$8,885 of receipts from prior fiscal years which the Library has no evidence if these receipts are restricted or not. This amount represents 22% and 99% of the total Special Revenue Funds ending fund balance for 2020 and 2019 respectively. Therefore, we are unable to determine if the beginning and ending cash fund balances for the Special Revenue Contributions, Gifts and Donations are properly classified.

By not researching and investigating the restrictions, if any, of donations from prior fiscal years donations, the Library might use donations for unallowable purposes which could result in a decline in donations during future fiscal years. Additionally, failure to identify restrictions on unspent balances of prior received donations results in a qualified audit opinion on beginning and ending cash fund balances for the Special Revenue Funds.

The Library should establish procedures to identify the restrictions on contributions, gifts and donations included within the beginning cash fund balances to help ensure such donations are spent in accordance with the donor's restrictions and are properly accounted for within the Library's financial records.

Officials' Response: Refer to Corrective Action Plan.

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 2020 AND 2019

Finding Number: 2020-001
Planned Corrective Action: Consult with County Prosecutor's office
Anticipated Completion Date: 06/30/2022
Responsible Contact Person: Alyssa England

As of the last audit in 2019, we now recognize the Special Revenue Fund (SRF) is only for restricted donations. The library has a system in place to track restricted donations. Restricted donations into the SRF have documentation to show the donation was used according to the donor's intentions. Donations with no restrictions are received and spent from the General Fund.

Monies received into the SRF account, (Contributions, Gifts and Donations), prior to 2017 were not tracked the way they are now. Before the 2019 audit, ALL monies were considered a restricted donation and were received/spent from Special Revenue Fund. Donations were accepted into the SRF as restricted, not restricted or unrestricted. Donations received where the donor had a stipulated restriction was spent specifically for that purpose. At that time, no donations were received or spent from the General Revenue Fund.

We are in the process of working with the Fairfield County Prosecutor to review the prior procedures and advise us on how to move forward. The monies received were prior to the current Library management and most of the Board of Trustees. None of us can go back to change the way things were handled in past or to find out the intentions of those who were generous enough to support the library. Our overall intention was to use donations for library materials, program supplies, or other needs to benefit services for library customers. All expenditures have been with this in mind.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Statement Presentation	Fully Corrected	
2018-002	Use of Restricted Donations	Partially Corrected	All new donations are supported with descriptions of any applicable restrictions. However, beginning fund balances are still undocumented as to restrictions on use. See finding 2020-001.

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OHIO AUDITOR OF STATE KEITH FABER



FAIRFIELD COUNTY DISTRICT LIBRARY

FAIRFIELD 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 3/8/2022

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