



Dave Yost • Auditor of State

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Washington-Centerville Public Library
Montgomery County
111 West Spring Valley Road
Centerville, Ohio 45458

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 Washington-Centerville Public Library, Montgomery County, Ohio (the Library) as of and for the years ended December 31, 2016 and 2015.

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 1 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, 2016 and 2015, and the respective 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 Washington-Centerville Public Library, Montgomery County as of December 31, 2016 and 2015, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

October 19, 2017

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$4,453,318		\$4,453,318
Public Library	2,224,477		2,224,477
Intergovernmental	639,423		639,423
Patron Fines and Fees	242,770		242,770
Contributions, Gifts and Donations	30,723		30,723
Earnings on Investments	81,819		81,819
Miscellaneous	27,121		27,121
<i>Total Cash Receipts</i>	<u>7,699,651</u>		<u>7,699,651</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	1,362,486		1,362,486
Collection Development and Processing	1,830,633		1,830,633
Support Services:			
Facilities Operation and Maintenance	835,119		835,119
Information Services	1,297,586		1,297,586
Business Administration	1,559,447		1,559,447
Capital Outlay	85,419	\$98,165	183,584
<i>Total Cash Disbursements</i>	<u>6,970,690</u>	<u>98,165</u>	<u>7,068,855</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>728,961</u>	<u>(98,165)</u>	<u>630,796</u>
Other Financing Receipts (Disbursements)			
Transfers In		2,500,000	2,500,000
Transfers Out	(2,500,000)		(2,500,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,500,000)</u>	<u>2,500,000</u>	
<i>Net Change in Fund Cash Balances</i>	(1,771,039)	2,401,835	630,796
<i>Fund Cash Balances, January 1</i>	<u>7,926,522</u>	<u>3,830,145</u>	<u>11,756,667</u>
Fund Cash Balances, December 31			
Nonspendable	242		242
Committed		6,231,980	6,231,980
Assigned	867,572		867,572
Unassigned	5,287,669		5,287,669
<i>Fund Cash Balances, December 31</i>	<u>\$6,155,483</u>	<u>\$6,231,980</u>	<u>\$12,387,463</u>

See accompanying notes to the basic financial statements

WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Private Purpose Trust</u>
Operating Cash Receipts	
Contributions, Gifts and Donations	<u>\$4,603</u>
<i>Total Operating Cash Receipts</i>	<u>4,603</u>
Operating Cash Disbursements	
Supplies	<u>4,367</u>
<i>Total Operating Cash Disbursements</i>	<u>4,367</u>
<i>Operating Income</i>	<u>236</u>
<i>Fund Cash Balances, January 1</i>	<u>1,390</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,626</u></u>

See accompanying notes to the basic financial statements

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Washington-Centerville Public Library, Montgomery County, (the Library) as a body corporate and politic. The Washington-Centerville Public Library was organized as a school district public library in 1930 under the laws of the State of Ohio. The School Board appoints a seven-member Board of Trustees to govern the Library. Control and management of the Library is governed by sections 3375.33 and 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Income from the 3.0 mills replacement plus new operating levy passed in November 2011 began in January 2013.

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.

The Friends of the Washington-Centerville Public Library is established as a 501(c)3 organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library. Financial reports from the Friends of the Washington-Centerville Public Library are available for review.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Library values agency bonds, certificates of deposit, U.S. Treasury Notes and bankers acceptances at cost. The investment in STAR Ohio (the State Treasurer's investment pool) and Star Plus are valued at amounts reported by the State Treasurer.

A money market funds account is held by PNC Capital as a settlement account for when investments are called/matured/purchased.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for receipts that are restricted, committed, or assigned to acquiring or constructing major capital projects (except those financed through trust funds). The Library had the following significant capital project funds:

Building Fund – This fund is used for acquisition of property and building additions / repairs / improvements.

Permanent Improvement Fund – This fund is used for purchases of new computer systems and equipment.

3. Private-Purpose Trust Funds

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library had the following private purpose trust:

Dorothy R. Yeck Good Life Private Purpose Trust Fund (Expendable Trust) – This fund accounts for an annual donation for a writing competition for young adults.

E. 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 2016 budgetary activity appears in Note 3.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. Non-spendable

The Library classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend 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.

4. 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 Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. 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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. All capital expenditures are tagged and recorded in an electronic file. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. The Library financial reporting follows the cash basis method; therefore the financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2016
Demand Deposits	<u>\$1,996,752</u>
Certificates of deposit	<u>250,000</u>
Total deposits	<u>2,246,752</u>
Treasury Bonds & Notes	8,550,720
Bankers Acceptances	1,081,378
StarOhio	4,915
StarPlus	<u>505,324</u>
Total investments	<u>10,142,337</u>
Total deposits and investments	<u><u>\$12,389,089</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Library's U.S. Treasury Bonds and Notes in book-entry form in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

Investments in Star Ohio are not evidenced by securities existing in physical or book-entry form.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,699,997	\$7,699,651	(\$346)
Capital Projects	2,500,000	2,500,000	
Private Purpose Trust Fund	4,603	4,603	
Total	<u>\$10,204,600</u>	<u>\$10,204,254</u>	<u>(\$346)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,848,648	\$10,102,140	\$746,508
Capital Projects	192,500	98,165	94,335
Private Purpose Trust Fund	4,720	4,628	92
Total	<u>\$11,045,868</u>	<u>\$10,204,933</u>	<u>\$840,935</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

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.

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. RETIREMENT SYSTEM

The Library 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 Board approved a fringe benefit pick-up plan for all fully-benefited employees working at least 20.5 hours per week. The Library has paid all contributions required through December 31, 2016.

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

6. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

6. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	2016	
Assets	<u>\$14,765,712</u>	.
Liabilities	<u>(9,531,506)</u>	.
Members' Equity	<u>\$5,234,206</u>	.

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Health Insurance

Health insurance is provided to the Library by the Centerville City Schools, who implemented a self-insured plan administered by a private carrier beginning January 1, 2012. Dental and vision coverage is also provided to fully benefited employees through the private carrier for the Centerville City Schools.

7. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Interfund transfers are reported as other financing sources/uses in governmental funds. There was one interfund transfer of \$2,500,000 approved by the Library Board of Trustees from the General Fund to the Building Fund in 2016.

8. SUBSEQUENT EVENTS

On January 17, 2017, the Library's Board approved a contract with Staffco Construction Inc. in the amount of \$4,914,870 for the Woodbourne Library addition/renovation project. The project will be funded with internal funds in the Library's Building Fund.

On March 21, 2017, the Library's Board approved a transfer in the amount of \$750,000 from the General Fund to the Building Fund.

On September 19, 2017, the Library's Board accepted quotes for furniture, fixtures, and equipment for the Woodbourne Library from various vendors in the total amount of \$425,791.

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**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$4,413,246		\$4,413,246
Public Library	2,212,502		2,212,502
Intergovernmental	636,982		636,982
Patron Fines and Fees	255,587		255,587
Contributions, Gifts and Donations	33,707		33,707
Earnings on Investments	62,534		62,534
Miscellaneous	85,497		85,497
<i>Total Cash Receipts</i>	<u>7,700,055</u>		<u>7,700,055</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	1,424,200		1,424,200
Collection Development and Processing	1,886,761		1,886,761
Support Services:			
Facilities Operation and Maintenance	590,956		590,956
Information Services	1,398,049		1,398,049
Business Administration	1,570,580		1,570,580
Capital Outlay	101,309	\$354,134	455,443
<i>Total Cash Disbursements</i>	<u>6,971,855</u>	<u>354,134</u>	<u>7,325,989</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>728,200</u>	<u>(354,134)</u>	<u>374,066</u>
Other Financing Receipts (Disbursements)			
Transfers In		2,000,000	2,000,000
Transfers Out	(2,000,000)		(2,000,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,000,000)</u>	<u>2,000,000</u>	
<i>Net Change in Fund Cash Balances</i>	(1,271,800)	1,645,866	374,066
<i>Fund Cash Balances, January 1</i>	<u>9,198,322</u>	<u>2,184,279</u>	<u>11,382,601</u>
Fund Cash Balances, December 31			
Nonspendable	242		242
Committed		3,830,145	3,830,145
Assigned	3,148,653		3,148,653
Unassigned	4,777,627		4,777,627
<i>Fund Cash Balances, December 31</i>	<u>\$7,926,522</u>	<u>\$3,830,145</u>	<u>\$11,756,667</u>

See accompanying notes to the basic financial statements

WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Private Purpose Trust</u>
Operating Cash Receipts	
Contributions, Gifts and Donations	<u>\$4,305</u>
<i>Total Operating Cash Receipts</i>	<u>4,305</u>
Operating Cash Disbursements	
Supplies	<u>3,556</u>
<i>Total Operating Cash Disbursements</i>	<u>3,556</u>
<i>Operating Income</i>	<u>749</u>
<i>Fund Cash Balances, January 1</i>	<u>641</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,390</u></u>

See accompanying notes to the basic financial statements

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Washington-Centerville Public Library, Montgomery County, (the Library) as a body corporate and politic. The Washington-Centerville Public Library was organized as a school district public library in 1930 under the laws of the State of Ohio. The School Board appoints a seven-member Board of Trustees to govern the Library. Control and management of the Library is governed by sections 3375.33 and 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Income from the 3.0 mills replacement plus new operating levy passed in November 2011 began in January 2013.

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.

The Friends of the Washington-Centerville Public Library is established as a 501(c)3 organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library. Financial reports from the Friends of the Washington-Centerville Public Library are available for review.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Library values agency bonds, certificates of deposit, U.S. Treasury Notes and bankers acceptances at cost. The investment in STAR Ohio (the State Treasurer's investment pool) and Star Plus are valued at amounts reported by the State Treasurer.

A money market funds account is held by PNC Capital as a settlement account for when investments are called/matured/purchased.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for receipts that are restricted, committed, or assigned to acquiring or constructing major capital projects (except those financed through trust funds). The Library had the following significant capital project funds:

Building Fund – This fund is used for acquisition of property and building additions / repairs / improvements.

Permanent Improvement Fund – This fund is used for purchases of new computer systems and equipment.

3. Private-Purpose Trust Funds

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library had the following private purpose trust:

Dorothy R. Yeck Good Life Private Purpose Trust Fund (Expendable Trust) – This fund accounts for an annual donation for a writing competition for young adults.

E. 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 2015 budgetary activity appears in Note 3.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. Non-spendable

The Library classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend 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.

4. 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 Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. 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.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. All capital expenditures are tagged and recorded in an electronic file. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. The Library financial reporting follows the cash basis method; therefore the financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2015
Demand Deposits	\$2,325,349
Certificates of deposit	250,000
Total deposits	2,575,349
Treasury Bonds & Notes	7,772,418
Bankers Acceptances	901,984
StarOhio	4,889
StarPlus	503,417
Total investments	9,182,708
Total deposits and investments	\$11,758,057

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

Investments: The Federal Reserve holds the Library’s U.S. Treasury Bonds and Notes in book-entry form in the name of the Library’s financial institution. The financial institution maintains records identifying the Library as owner of these securities.

Investments in Star Ohio are not evidenced by securities existing in physical or book-entry form.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,699,998	\$7,700,055	\$57
Capital Projects		2,000,000	2,000,000
Private Purpose Trust Fund	4,305	4,305	
Total	\$7,704,303	\$9,704,360	\$2,000,057

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,086,414	\$9,676,939	\$409,475
Capital Projects	535,402	354,134	181,268
Private Purpose Trust Fund	4,076	4,076	
Total	\$10,625,892	\$10,035,149	\$590,743

4. GRANTS-IN-AID AND TAX RECEIPTS

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.

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

5. RETIREMENT SYSTEM

The Library 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 Board approved a fringe benefit pick-up plan for all fully-benefited employees working at least 20.5 hours per week. The Library has paid all contributions required through December 31, 2015.

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

6. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**WASHINGTON-CENTERVILLE PUBLIC LIBRARY
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	<u>2015</u>	
Assets	\$14,643,667	.
Liabilities	(9,112,030)	.
Members' Equity	<u>\$5,531,637</u>	:

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Health Insurance

Health insurance is provided to the Library by the Centerville City Schools, who implemented a self-insured plan administered by a private carrier beginning January 1, 2012. Dental and vision coverage is also provided to fully benefited employees through the private carrier for the Centerville City Schools.

7. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Interfund transfers are reported as other financing sources/uses in governmental funds. There was one interfund transfer of \$2,000,000 approved by the Library Board of Trustees from the General Fund to the Building Fund in 2015.

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Dave Yost • Auditor of State

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

Washington-Centerville Public Library
Montgomery County
111 West Spring Valley Road
Centerville, Ohio 45458

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Washington-Centerville Public Library, Montgomery County, (the Library) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated October 19, 2017, 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.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 19, 2017



Dave Yost • Auditor of State

WASHINGTON CENTERVILLE PUBLIC LIBRARY

MONTGOMERY 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
NOVEMBER 9, 2017