



**CARDINGTON-LINCOLN PUBLIC LIBRARY
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019-2018

**CARDINGTON-LINCOLN PUBLIC LIBRARY
MORROW COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Cardington-Lincoln Public Library
Morrow County
128 East Main Street
Cardington, Ohio 43315

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Cardington-Lincoln Public Library, Morrow County, Ohio (the Library) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for 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, 2019 and 2018, 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, and related notes of the Cardington-Lincoln Public Library, Morrow County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2020, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

September 2, 2020

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Cardington-Lincoln Public Library

Morrow County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

Governmental Fund Type

For the Year Ended December 31, 2019

	<u>General</u>
Cash Receipts	
Public Library	252,928
Intergovernmental	18,804
Patron Fines and Fees	5,120
Contributions, Gifts and Donations	8,267
Earnings on Investments	1,503
Miscellaneous	<u>8,931</u>
<i>Total Cash Receipts</i>	<u>295,553</u>
Cash Disbursements	
Current:	
Library Services:	
Public Services and Programs	105,337
Collection Development and Processing	51,446
Support Services:	
Facilities Operation and Maintenance	30,419
Information Services	8,373
Business Administration	78,813
Capital Outlay	27,912
Debt Service:	
Principal Retirement	517
Interest and Fiscal Charges	<u>67</u>
<i>Total Cash Disbursements</i>	<u>302,884</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,331)</u>
Other Financing Receipts (Disbursements)	
Note Proceeds	<u>10,700</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,700</u>
<i>Net Change in Fund Cash Balances</i>	3,369
<i>Fund Cash Balances, January 1</i>	<u>212,098</u>
Fund Cash Balances, December 31	
Unassigned (Deficit)	<u>215,467</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$215,467</u></u>

See accompanying notes to the basic financial statements

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Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1- Reporting Entity

The Cardington-Lincoln Public Library (the Library), Morrow County, Ohio 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 Board of Education of the School District appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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.

Basis of Accounting

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Morrow County Budget Commission must also approve the annual appropriation measure.

A summary of 2019 budgetary activity appears in Note 3.

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Deposits and Investments

The Library maintains its cash deposits in a non-interest-bearing checking account, an interest-bearing money market account, and two certificates of deposit. 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. The Library values certificates of deposit at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2019

unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

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

<u>2019 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$294,457	\$306,254	\$11,797
Special Revenue			0
Debt Service			0
Capital Projects			0
Permanent			0
Private Purpose Trust			0
Total	<u>\$294,457</u>	<u>\$306,254</u>	<u>\$11,797</u>

<u>2019 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$316,071	\$302,884	\$13,187
Special Revenue			0
Debt Service			0
Capital Projects			0
Permanent			0
Private Purpose Trust			0
Total	<u>\$316,071</u>	<u>\$302,884</u>	<u>\$13,187</u>

Cardington-Lincoln Public Library, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 - Deposits and Investments

The Library maintains a deposits 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	\$150,152
Certificates of deposit	65,315
Other time deposits (savings and NOW accounts)	
Total deposits	215,467
U.S. Treasury Notes	
STAR Ohio	
Repurchase agreement	
Common stock (at cost, fair value was \$0 at December 31, 2019)	
Total investments	0
Total deposits and investments	\$215,467

At December 31, 2019, the Library held \$0 in equity securities. Equity securities are not eligible investments for the Library under Ohio law.

Deposits

At December 31, 2019, all Library deposits were insured or collateralized. Deposits at First Federal Bank of Ohio are insured by the Federal Depository Insurance Corporation. Deposits at FC Bank are 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

The Library has no other forms of investments.

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.

Cardington-Lincoln Public Library, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Property Taxes

The Library does not have a property tax levy.

Note 6-Lease Agreements

The Library has a one-year lease with Pirates Cove Pizza for space rented by the restaurant. Total rent receipts from the restaurant for the year ended December 31, 2019 was \$5,800.

Note 7 - Risk Management

The Government 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM's property retention remained unchanged, however the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

Cardington-Lincoln Public Library, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Workers' Compensation

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Library's seven 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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

Note 9-Postemployment Benefits

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

Note 10-Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	<u>\$10,183</u>	3.75%
Total	<u>\$10,183</u>	

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2019

The Library issued a general promissory note to finance the upgrading of all lighting fixtures in the Library to LED, as well as all fixtures in the connected business space leased to Pirates Cove Pizza (mentioned in Note 6). The principal amount borrowed was \$10,700.00 with a 3.75% interest rate and 39-month term. The note is not collateralized. The maturity date of the note is January 18, 2023.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending	Principal Due	Interest Due	Total Promissory Note Debt
December 31:			
2020	\$3,174	\$328	\$3,502
2021	3,296	206	3,502
2022	3,422	80	3,502
2023	291	1	292
Total	<u>\$10,183</u>	<u>\$615</u>	<u>\$10,798</u>

Leases

The Library leases a RICOH MPC 3004SPF Color Digital Copier System under a non-cancelable lease. The lease payment includes 3,500 black and white pages per month. Black and white overages and charges for color pages are billed monthly. Maintenance rates are locked for the 60-month term. The Library disbursed \$1,656 to pay lease costs for the year ended December 31, 2019. The balance on the lease is \$4,554.

Note 11- Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Cardington-Lincoln Public Library. The Library's investments of the pension and other employee benefit plan in which the Cardington-Lincoln Public Library participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Cardington-Lincoln Public Library
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended December 31, 2018

	<u>General</u>
Cash Receipts	
Public Library	242,795
Intergovernmental	13,876
Patron Fines and Fees	5,050
Contributions, Gifts and Donations	2,411
Earnings on Investments	1,249
Miscellaneous	<u>10,822</u>
<i>Total Cash Receipts</i>	<u>276,203</u>
Cash Disbursements	
Current:	
Library Services:	
Public Services and Programs	96,824
Collection Development and Processing	51,193
Support Services:	
Facilities Operation and Maintenance	44,917
Information Services	8,509
Business Administration	69,394
Capital Outlay	<u>18,831</u>
<i>Total Cash Disbursements</i>	<u>289,668</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,465)</u>
<i>Net Change in Fund Cash Balances</i>	(13,465)
<i>Fund Cash Balances, January 1</i>	<u>225,563</u>
Fund Cash Balances, December 31	
Unassigned (Deficit)	<u>212,098</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$212,098</u></u>

See accompanying notes to the basic financial statements

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Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Cardington-Lincoln Public Library (the Library), Morrow County, Ohio 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 Board of Education of the School District appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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.

Basis of Accounting

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Morrow County Budget Commission must also approve the annual appropriation measure.

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Library maintains its cash deposits in a non-interest-bearing checking account, an interest-bearing money market account, and two certificates of deposit. 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. The Library values certificates of deposit at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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

Note 3 - Budgetary Activity

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

<u>2018 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$272,141	\$276,203	\$4,062
Special Revenue			0
Debt Service			0
Capital Projects			0
Permanent			0
Private Purpose Trust			0
Total	<u>\$272,141</u>	<u>\$276,203</u>	<u>\$4,062</u>

<u>2018 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$296,403	\$289,668	\$6,735
Special Revenue			0
Debt Service			0
Capital Projects			0
Permanent			0
Private Purpose Trust			0
Total	<u>\$296,403</u>	<u>\$289,668</u>	<u>\$6,735</u>

Cardington-Lincoln PublicLibrary, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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:

	<u>2018</u>
Demand deposits	\$147,860
Certificates of deposit	64,238
Other time deposits (savings and NOW accounts)	<u>0</u>
Total deposits	<u>212,098</u>
U.S. Treasury Notes	0
STAR Ohio	0
Repurchase agreement	0
Common stock (at cost, fair value was \$0 at December 31, 2017)	<u>0</u>
Total investments	<u>0</u>
Total deposits and investments	<u>\$212,098</u>

At December 31, 2018, the Library held \$0 in equity securities. Equity securities are not eligible investments for the Library under Ohio law.

Deposits

At December 31, 2018, all Library deposits were insured or collateralized. Deposits at First Federal Bank of Ohio are insured by the Federal Depository Insurance Corporation. Deposits at FC Bank are 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

The Library has no other forms of investments.

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.

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Property Taxes

The Library does not have a property tax levy.

Note 6-Lease Agreements

The Library has a one year lease with Pirates Cove Pizza for space rented by the restaurant. Total rent receipts from the restaurant for the year ended December 31, 2018 was \$4,825.

Note 7 -Risk Management

The Government 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. 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Workers' Compensation coverage is also 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 (if material).

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2012 - 2018	10%	14%

Note 9 - Postemployment Benefits

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

Note 10 - Debt

Leases

The Library leases a RICOH MPC 3004SPF Color Digital Copier System under a non-cancelable lease. The lease payment includes 3,500 black and white pages per month. Black and white overages and charges for color pages are billed monthly. Maintenance rates are locked for the 60 month term. The Library disbursed \$1,656 to pay lease costs for the year ended December 31, 2018. The balance on the lease is \$6,210.

Cardington-Lincoln Public Library, Ohio

Morrow County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 11 - Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Cardington-Lincoln Public Library. The Library's investments of the pension and other employee benefit plan in which the Cardington-Lincoln Public Library participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However; because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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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*

Cardington-Lincoln Public Library
Morrow County
128 East Main Street
Cardington, Ohio 43315

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 Cardington-Lincoln Public Library, Morrow County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2020, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and the financial impact of COVID-19 and the ensuing emergency measures will 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) 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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Auditor of State

Columbus, Ohio

September 2, 2020

OHIO AUDITOR OF STATE KEITH FABER



CARDINGTON LINCOLN PUBLIC LIBRARY

MORROW 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 10/6/2020

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

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