



OHIO AUDITOR OF STATE
KEITH FABER



**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1
Basic Financial Statements – December 31, 2019:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis - December 31, 2019	3
Statement of Activities – Cash Basis For the Year Ended December 31, 2019	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2019	5
Statement of Receipts, Disbursements, and Changes In Fund Balances – Cash Basis - Governmental Funds For the Year Ended December 31, 2019	6
Statement of Receipts, Disbursements, and Changes in Fund Balance- Budget Basis - General Fund For the Year Ended December 31, 2019	7
Notes to the Financial Statements For the Year Ended December 31, 2019	9
Basic Financial Statements – December 31, 2018:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis - December 31, 2018	21
Statement of Activities – Cash Basis For the Year Ended December 31, 2018	22
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2018	23
Statement of Receipts, Disbursements, and Changes In Fund Balances – Cash Basis - Governmental Funds For the Year Ended December 31, 2018	24

COLDWATER PUBLIC LIBRARY
MERCER COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget Basis - General Fund For the Year Ended December 31, 2018	25
Notes to the Financial Statements For the Year Ended December 31, 2018	27
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	39



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INDEPENDENT AUDITOR'S REPORT

Coldwater Public Library
Mercer County
305 West Main Street
Coldwater, Ohio 45828

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coldwater Public Library, Mercer County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coldwater Public Library, Mercer County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General fund and thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 10 to the financial statements, during 2020, 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 June 1, 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 1, 2020

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2019**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$202,072
Total Assets	<u>\$202,072</u>
Net Position	
Restricted for:	
Permanent Fund: American History materials Nonexpendable	\$10,000
Permanent Fund: Travel materials Nonexpendable	10,000
Unrestricted	182,072
Total Net Position	<u>\$202,072</u>

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Position</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Primary Government Governmental Activities</u>
Governmental Activities			
Current:			
Library Services:	\$315,340	\$4,516	(\$310,824)
Capital Outlay	4,845		(4,845)
Total Governmental Activities	<u>\$320,185</u>	<u>\$4,516</u>	<u>(315,669)</u>
General Receipts:			
Property Taxes			74,076
Unrestricted Gifts and Contributions			494
Grants and Entitlements not Restricted to Specific Programs			230,547
Sale of Capital Assets			672
Earnings on Investments			2,163
Miscellaneous			403
Total General Receipts			<u>308,355</u>
Change in Net Position			(7,314)
Net Position Beginning of Year			<u>209,386</u>
Net Position End of Year			<u>\$202,072</u>

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$110,223	\$71,849	\$20,000	\$202,072
Total Assets	<u>\$110,223</u>	<u>\$71,849</u>	<u>\$20,000</u>	<u>\$202,072</u>
Fund Cash Balances, December 31				
Nonspendable			\$20,000	\$20,000
Assigned	\$96,248	\$71,849		168,097
Unassigned	13,975			13,975
Fund Cash Balances, December 31	<u>\$110,223</u>	<u>\$71,849</u>	<u>\$20,000</u>	<u>\$202,072</u>

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Capital Projects	Other Governmental Funds	Totals Governmental Funds
Receipts				
Property and Other Local Taxes	\$72,839			\$72,839
Public Library	230,547			230,547
Intergovernmental	1,237			1,237
Patron Fines and Fees	4,516			4,516
Contributions, Gifts and Donations	494			494
Earnings on Investments	1,945	\$218		2,163
Miscellaneous	403			403
Total Cash Receipts	311,981	218		312,199
Disbursements				
Current:				
Library Services:	315,340			315,340
Capital Outlay	4,845			4,845
Total Cash Disbursements	320,185			320,185
Excess of Receipts Over (Under) Disbursements	(8,204)	218		(7,986)
Other Financing Receipts				
Sale of Capital Assets	672			672
Total Other Financing Receipts	672			672
Net Change in Fund Cash Balances	(7,532)	218		(7,314)
Fund Cash Balances, January 1	117,755	71,631	\$20,000	209,386
Fund Cash Balances, December 31				
Nonspendable			20,000	20,000
Assigned	96,248	71,849		168,097
Unassigned	13,975			13,975
Fund Cash Balances, December 31	\$110,223	\$71,849	\$20,000	\$202,072

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts:				
Property and Other Local Taxes	\$71,666	\$71,666	\$72,839	\$1,173
Public Library	224,536	224,536	230,547	6,011
Intergovernmental			1,237	1,237
Patron Fines and Fees	4,500	4,500	4,516	16
Contributions, Gifts and Donations	100	100	494	394
Earnings on Investments	100	100	1,945	1,845
Miscellaneous	25	25	403	378
Total Receipts	300,927	300,927	311,981	11,054
Disbursements:				
Current:				
Library Services:	385,873	385,873	317,829	68,044
Capital Outlay	15,000	15,000	4,845	10,155
Total Disbursements	400,873	400,873	322,674	78,199
Excess of Receipts Over (Under) Disbursements	(99,946)	(99,946)	(10,693)	89,253
Other Financing Sources (Uses):				
Sale of Capital Assets	500	500	672	172
Other Financing Uses	(9,000)	(9,000)		9,000
Total Other Financing Sources (Uses)	(8,500)	(8,500)	672	9,172
Net Change in Fund Balance	(108,446)	(108,446)	(10,021)	98,425
Unencumbered Fund Balance Beginning of Year	116,350	116,350	116,350	
Prior Year Encumbrances Appropriated	1,405	1,405	1,405	
Unencumbered Balance End of Year	\$9,309	\$9,309	\$107,734	\$98,425

See accompanying notes to the basic financial statements.

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Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Description of the Library and Reporting Entity

The Coldwater Public Library was organized as a municipal library in 1936 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Village Council of Coldwater. Appointments are for four-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 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 receives the majority of its funding through the State of Ohio Public Library Fund (PLF) and a 0.5% Property Tax Levy, and the remainder through miscellaneous fines, fees, and interest collected throughout the year. The Library's budget is approved by the Mercer County Budget Commission.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The statement of net position presents the cash and investment balances, of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Library's general receipts.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Fund Financial Statements During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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 Library's funds are all classified as governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds

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.

Capital Projects Fund - The capital projects fund accounts for monies set aside by the Board of Library Trustees specifically for major capital improvements.

The other governmental funds of the Library account for and report donations and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund, function, object level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2019, the Library invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio 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.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2019 was \$1,945, and Capital Projects Fund of \$218.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or 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.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Restricted Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Un-assigned Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General
Cash Basis	(\$7,532)
Encumbrances	(2,489)
Budget Basis	(\$10,021)

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits

State statutes classify monies held by the Library into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

At year end, the Library had \$150 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements

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

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The full tax rate for all Library operations for the year ended December 31, 2019, was \$0.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$151,585,400
Personal Property	4,076,100
Public Utility Personal Property	<u>16,119,820</u>
Total	<u><u>\$171,781,320</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 6 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Ohio Casualty Insurance Co.	Commercial Property	\$1,000,000
Great American Insurance Co.	Directors and Officers	1,000,000
Westfield Insurance Co.	Employee Dishonesty	10,000
Ohio Farmers Insurance Co.	Fiscal Officer - Bond	10,000
Ohio Farmers Insurance Co.	Director - Bond	10,000

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

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. The System administers and pays all claims.

Note 7 - Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	Traditional Plan Formula:	Traditional Plan Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	Combined Plan Formula:	Combined Plan Formula:
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2019 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Library's contractually required contribution was \$22,139 for year 2019.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,581 for the year 2019.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Capital Project Fund	Governmental Funds	Total
Non-spendable				
Trust Funds			\$20,000	\$20,000
<i>Total Non-spendable</i>			20,000	20,000
Assigned to				
Subsequent year budget deficit	\$96,429			96,429
Capital Projects		\$71,849		71,849
<i>Total Assigned</i>	96,429	71,849		168,278
Unassigned	13,794			13,794
<i>Total Fund Balances</i>	\$110,223	\$71,849	\$20,000	\$202,072

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 10- Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plan in which the 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.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2018**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$209,386
	\$209,386
Total Assets	
Net Position	
Restricted for:	
Permanent Fund: American History materials Nonexpendable	\$10,000
Permanent Fund: Travel materials Nonexpendable	10,000
Unrestricted	189,386
Total Net Position	\$209,386

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Net (Disbursements)</u> <u>Receipts and</u> <u>Changes in Net</u> <u>Position</u> <u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities			
Current:			
Library Services:	\$305,662	\$4,632	(\$301,030)
Capital Outlay	8,351		(8,351)
Total Governmental Activities	<u>\$314,013</u>	<u>\$4,632</u>	<u>(309,381)</u>
 General Receipts:			
Property Taxes			72,983
Unrestricted Gifts and Contributions			1,620
Grants and Entitlements not Restricted to Specific Programs			221,310
Sale of Capital Assets			523
Earnings on Investments			1,171
Miscellaneous			257
Total General			<u>297,864</u>
Change in Net Position			(11,517)
Net Position Beginning of Year			<u>220,903</u>
Net Position End of Year			<u>\$209,386</u>

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$117,755	\$71,631	\$20,000	\$209,386
Total Assets	<u>117,755</u>	<u>71,631</u>	<u>20,000</u>	<u>209,386</u>
Fund Cash Balances, December 31				
Nonspendable			\$20,000	\$20,000
Assigned	\$102,459	\$71,631		174,090
Unassigned	15,296			15,296
Fund Cash Balances, December 31	<u>\$117,755</u>	<u>\$71,631</u>	<u>\$20,000</u>	<u>\$209,386</u>

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts				
Property and Other Local Taxes	\$71,677			\$71,677
Public Library	221,310			221,310
Intergovernmental	1,306			1,306
Patron Fines and Fees	4,632			4,632
Contributions, Gifts and Donations	1,620			1,620
Earnings on Investments	1,055	\$116		1,171
Miscellaneous	257			257
Total Cash Receipts	<u>301,857</u>	<u>116</u>		<u>301,973</u>
Disbursements				
Current:				
Library Services:	305,662			305,662
Capital Outlay	8,351			8,351
Total Cash Disbursements	<u>314,013</u>			<u>314,013</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,156)</u>	<u>116</u>		<u>(12,040)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	523			523
Transfers In		50,000		50,000
Transfers Out	(50,000)			(50,000)
Total Other Financing Receipts (Disbursements)	<u>(49,477)</u>	<u>50,000</u>		<u>523</u>
Net Change in Fund Cash Balances	(61,633)	50,116		(11,517)
Fund Cash Balances, January 1	<u>179,388</u>	<u>21,515</u>	<u>\$20,000</u>	<u>220,903</u>
Fund Cash Balances, December 31				
Nonspendable			20,000	20,000
Assigned	102,459	71,631		174,090
Unassigned	15,296			15,296
Fund Cash Balances, December 31	<u>\$117,755</u>	<u>\$71,631</u>	<u>\$20,000</u>	<u>\$209,386</u>

See accompanying notes to the basic financial statements.

**COLDWATER PUBLIC LIBRARY
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts:				
Property and Other Local Taxes	\$69,793	\$69,793	\$71,677	\$1,884
Public Library	213,370	213,370	221,310	7,940
Intergovernmental			1,306	1,306
Patron Fines and Fees	4,500	4,500	4,632	132
Contributions, Gifts and Donations	100	100	1,620	1,520
Earnings on Investments	100	100	1,055	955
Miscellaneous	25	25	257	232
Total Receipts	287,888	287,888	301,857	13,969
Disbursements:				
Current:				
Library Services:	392,993	395,993	307,067	88,926
Capital Outlay	10,000	10,000	8,351	1,649
Total Disbursements	402,993	405,993	315,418	90,575
 Excess of Receipts Over (Under) Disbursements	 (115,105)	 (118,105)	 (13,561)	 104,544
Other Financing Sources (Uses):				
Sale of Capital Assets	500	500	523	23
Transfers Out	(50,000)	(50,000)	(50,000)	
Other Financing Uses	(12,000)	(9,000)		9,000
Total Other Financing Sources (Uses)	(61,500)	(58,500)	(49,477)	9,023
 Net Change in Fund Balance	 (176,605)	 (176,605)	 (63,038)	 113,567
 Unencumbered Fund Balance Beginning of Year	 178,050	 178,050	 178,050	
Prior Year Encumbrances Appropriated	1,338	1,338	1,338	
 Unencumbered Balance End of Year	 \$2,783	 \$2,783	 \$116,350	 \$113,567

See accompanying notes to the basic financial statements.

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Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Library and Reporting Entity

The Coldwater Public Library was organized as a municipal library in 1936 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Village Council of Coldwater. Appointments are for four-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 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 receives the majority of its funding through the State of Ohio Public Library Fund (PLF) and a 0.5% Property Tax Levy, and the remainder through miscellaneous fines, fees, and interest collected throughout the year. The Library's budget is approved by the Mercer County Budget Commission.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The statement of net position presents the cash and investment balances, of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Library's general receipts.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Fund Financial Statements During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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 Library's funds are all classified as governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds

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.

Capital Projects Fund - The capital projects fund accounts for monies set aside by the Board of Library Trustees specifically for major capital improvements.

The other governmental funds of the Library account for and report donations and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund, function, and object level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2018, investments were limited to nonnegotiable certificates of deposit.

Interest earnings are allocated to Library funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2018 was \$1,055, and Capital Projects Fund of \$116.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or 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.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Un-assigned Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General
Cash Basis	(\$61,633)
Encumbrances	(1,405)
Budget Basis	(\$63,038)

Note 4 – Deposits

State statutes classify monies held by the Library into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Protection of the Library’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

At year end, the Library had \$150 in un-deposited cash on hand which is included as part of “*Equity in Pooled Cash and Cash Equivalents*” on the financial statements.

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements

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

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2018, was \$0.5 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$151,585,400
Personal Property	4,076,100
Public Utility Personal Property	<u>16,119,820</u>
Total	<u><u>\$171,781,320</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 6 – Interfund Transfers

Transfers

During 2018, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>			<u>Total</u>
	<u>Major Funds</u>			
	<u>General</u>	<u>Major Capital Project Fund</u>	<u>Other Nonmajor Governmental</u>	
Other major Capital Project Fund	\$50,000	\$0	\$0	\$50,000

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Ohio Casualty Insurance Co.	Commercial Property	\$1,000,000
Great American Insurance Co.	Directors and Officers	1,000,000
Westfield Insurance Co.	Employee Dishonesty	10,000
Ohio Farmers Insurance Co.	Fiscal Officer - Bond	10,000
Ohio Farmers Insurance Co.	Director - Bond	10,000

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

Workers' Compensation coverage is provided by the State. 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. The System administers and pays all claims.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 8 - Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	Traditional Plan Formula:	Traditional Plan Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	Combined Plan Formula:	Combined Plan Formula:
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Library's contractually required contribution was \$21,440 for year 2018.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2018, 2017, and 2016 was \$1,531, \$1,387, and \$1,243, respectively. The full amount has been contributed for all three years.

Note 10 – Fund Balances

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Coldwater Public Library
Mercer County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Fund Balances	General	Capital Project Fund	Governmental Funds	Total
Non-spendable				
Trust Funds			\$20,000	\$20,000
<i>Total Non-spendable</i>			20,000	20,000
Assigned to				
Subsequent year budget deficit	\$102,459			102,459
Capital Projects		\$71,631		71,631
<i>Total Assigned</i>	102,459	71,631		174,090
Unassigned	15,296			15,296
<i>Total Fund Balances</i>	\$117,755	\$71,631	\$20,000	\$209,386

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*

Coldwater Public Library
Mercer County
305 West Main Street
Coldwater, Ohio 45828

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coldwater Public Library, Mercer County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 1, 2020, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

Internal Control Over Financial Reporting

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 opinion 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 1, 2020

OHIO AUDITOR OF STATE KEITH FABER



COLDWATER PUBLIC LIBRARY

MERCER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 2, 2020**