



**DAYTON METRO LIBRARY
MONTGOMERY COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Dayton Metro Library
215 East Third Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of Dayton Metro Library, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Dayton Metro Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 11, 2021

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DAYTON METRO LIBRARY
MONTGOMERY COUNTY

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

June 30, 2021

Dayton Metro Library
215 East Third Street
Dayton, Ohio 45402

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dayton Metro Library, Montgomery County, Ohio (the Library), as of and for the year ended December 31, 2020, 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 modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified 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.

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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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dayton Metro Library, Montgomery County, Ohio, as of December 31, 2020, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year 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 modified 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 17 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 30, 2021, 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.



Perry and Associates Certified Public Accountants, A.C.
Marietta, Ohio

Dayton Metro Library
Montgomery County
Statement of Net Position - Modified Cash Basis
December 31, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 23,061,007
Restricted Assets:	
Investments Held by Trustees	2,653,099
Investment in Segregated Accounts	47,737,206
<i>Total Assets</i>	<i>73,451,312</i>
 Net Position	
Restricted for:	
Construction Projects	37,945,796
Debt Service	2,655,169
Unrestricted	32,850,347
<i>Total Net Position</i>	<i>\$ 73,451,312</i>

See accompanying notes to the basic financial statements

Dayton Metro Library
 Montgomery County
 Statement of Activities - Modified Cash Basis
 For the Year Ended December 31, 2020

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Public Service and Programs	\$ 15,723,998	\$ 148,324	\$ 186,860	\$ (15,388,814)
Collection Development and Processing	4,955,491	-	8,218	(4,947,273)
Support Services:				
Facilities Operation and Maintenance	1,007,332	-	-	(1,007,332)
Information Services Support	1,709,373	81,736	-	(1,627,637)
Business Administration	4,370,992	-	-	(4,370,992)
Capital Outlay				
Construction Project	5,352,319	-	-	(5,352,319)
Other	595,745	-	-	(595,745)
Debt Service:				
Principal Retirement	6,335,000	-	-	(6,335,000)
Interest and Fiscal Charges	4,647,592	-	-	(4,647,592)
Total Governmental Activities	\$ 44,697,842	\$ 230,060	\$ 195,078	(44,272,704)
		General Receipts		
				10,896,941
				8,893,532
				12,529
				18,550,812
				1,202,296
				919,280
				739,025
				362,935
				<u>41,577,350</u>
				Change in Net Position (2,695,354)
				<u>Net Position Beginning of Year 76,146,666</u>
				<u>Net Position End of Year \$ 73,451,312</u>

See accompanying notes to the basic financial statements

Dayton Metro Library
 Montgomery County
 Statement of Assets and Fund Balances- Modified Cash Basis
 Governmental Funds
 December 31, 2020

	General	Debt Service	Building & Repair Fund	Construction Taxable	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 19,430,653	\$ 2,070	\$ 888,613	\$ 2,739,671	\$ -	\$ 23,061,007
Restricted Assets:						
Investments Held by Trustees	-	2,653,099	-	-	-	2,653,099
Investments in Segregated Accounts	659,142	-	11,871,939	35,206,125	-	47,737,206
Total Assets	<u>20,089,795</u>	<u>2,655,169</u>	<u>12,760,552</u>	<u>37,945,796</u>	<u>-</u>	<u>73,451,312</u>
Fund Balances						
Restricted for:						
Debt Service	-	2,655,169	-	-	-	2,655,169
Construction Project	-	-	-	37,945,796	-	37,945,796
Committed to:						
Facility Improvements	-	-	12,760,552	-	-	12,760,552
Future Employee Compensation	2,317,022	-	-	-	-	2,317,022
Assigned to:						
Future Purchase Commitments	2,303,239	-	-	-	-	2,303,239
Subsequent Year Analysis	7,690,000	-	-	-	-	7,690,000
Unassigned	7,779,534	-	-	-	-	7,779,534
Total Fund Balances	<u>\$ 20,089,795</u>	<u>\$ 2,655,169</u>	<u>\$ 12,760,552</u>	<u>\$ 37,945,796</u>	<u>\$ -</u>	<u>\$ 73,451,312</u>

See accompanying notes to the basic financial statements

Dayton Metro Library
Montgomery County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	Building and Repair Fund	Construction Taxable	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 10,896,941	\$ 8,893,532	\$ -	\$ -	\$ -	\$ 19,790,473
Intergovernmental	18,000,912	1,202,296	-	-	549,900	19,753,108
Patron Fines and Fees	134,679	-	-	-	-	134,679
Services Provided to Other Entities	95,381	-	-	-	-	95,381
Contributions, Gifts and Donations	207,607	-	-	-	-	207,607
Earnings on Investments	247,823	57,038	298,108	316,311	-	919,280
Miscellaneous	361,623	-	744	567	-	362,934
Total Receipts	29,944,966	10,152,866	298,852	316,878	549,900	41,263,462
Disbursements						
Current:						
Library Services:						
Public Service and Programs	15,385,351	-	-	-	338,647	15,723,998
Collection Development and Processing	4,955,491	-	-	-	-	4,955,491
Support Services:						
Facilities Operation and Maintenance	1,007,332	-	-	-	-	1,007,332
Information Services	1,709,373	-	-	-	-	1,709,373
Business Administration	4,092,356	163,662	69,608	37,296	8,070	4,370,992
Capital Outlay	392,562	-	-	5,352,318	203,183	5,948,063
Debt Service:						
Principal Retirement	-	6,335,000	-	-	-	6,335,000
Interest and Fiscal Charges	-	4,647,592	-	-	-	4,647,592
Total Disbursements	27,542,465	11,146,254	69,608	5,389,614	549,900	44,697,841
Excess of Receipts Over (Under) Disbursements	2,402,501	(993,388)	229,244	(5,072,736)	-	(3,434,379)
Other Financing Sources (Uses)						
Sale of Capital Assets	113	-	738,912	-	-	739,025
Total Other Financing Sources (Uses)	113	-	738,912	-	-	739,025
Net Change in Fund Balances	2,402,614	(993,388)	968,156	(5,072,736)	-	(2,695,354)
Fund Balances Beginning of Year	17,687,181	3,648,557	11,792,396	43,018,532	-	76,146,666
Fund Balances End of Year	\$ 20,089,795	\$ 2,655,169	\$ 12,760,552	\$ 37,945,796	\$ -	\$ 73,451,312

See accompanying notes to the basic financial statements

Dayton Metro Library
Montgomery County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 10,976,600	\$ 10,976,600	\$ 10,896,941	\$ (79,659)
Intergovernmental	18,913,124	18,913,124	18,000,912	(912,212)
Patron Fines and Fees	280,213	280,213	134,679	(145,534)
Services Provided to Other Entities	160,185	160,185	95,381	(64,804)
Contributions, Gifts and Donations	111,693	111,693	207,607	95,914
Earnings on Investments	219,569	219,569	76,063	(143,506)
Miscellaneous	81,516	81,516	361,623	280,107
<i>Total Receipts</i>	<u>30,742,900</u>	<u>30,742,900</u>	<u>29,773,206</u>	<u>(969,694)</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	22,915,970	19,915,970	18,377,857	1,538,113
Supplies	806,038	806,038	505,978	300,060
Purchased and Contract Services	7,238,829	7,238,829	6,091,583	1,147,246
Library Materials and Information	4,809,890	4,809,890	4,153,318	656,572
Other	186,258	186,258	153,936	32,322
Capital Outlay	1,355,987	1,355,987	544,529	811,458
<i>Total Disbursements</i>	<u>37,312,972</u>	<u>34,312,972</u>	<u>29,827,201</u>	<u>4,485,771</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,570,072)</u>	<u>(3,570,072)</u>	<u>(53,995)</u>	<u>3,516,077</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	2,100	-	113	113
Transfers In	-	-	12,639,098	12,639,098
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>2,100</u>	<u>-</u>	<u>12,639,211</u>	<u>12,639,211</u>
<i>Net Change in Fund Balance</i>	(6,567,972)	(3,570,072)	12,585,216	16,155,288
<i>Prior Year Encumbrances Appropriated</i>	1,385,972	1,385,972	1,385,972	-
<i>Unencumbered Fund Balance Beginning of Year</i>	3,815,368	3,815,368	3,815,368	-
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$1,366,632)</u>	<u>\$ 1,631,268</u>	<u>\$ 17,786,556</u>	<u>\$ 16,155,288</u>

See accompanying notes to the basic financial statements

Dayton Metro Library
Montgomery County
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 2020

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 663
<i>Total Assets</i>	<u>663</u>
Net Position	<u>\$ 663</u>

See accompanying notes to the basic financial statements

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Description of the Library and Reporting Entity

The Dayton Metro Library is organized as a county district library under the laws of the State of Ohio. The Library has its own Board of Trustees consisting of seven members: four of whom are appointed by the Montgomery County Commissioners and three of whom are appointed by the Montgomery County Common Pleas Court Judges. Appointments are for seven-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 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library and financial accountability being the responsibility of the Executive Director and Fiscal Officer.

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

Under the provisions of Government Accounting Standards Board Statement No. 61, “The Financial Reporting Entity Omnibus”, the Library is considered a related organization to Montgomery County.

Related Organizations

The Friends of the Dayton Metro Library and the Dayton Metro Library Foundation are not-for-profit organizations with a self-appointing board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. The economic resources received or held by the Friends of the Library or the Dayton Metro Library are not significant to the Library. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

As discussed further in Note 2.C, the financial statements of the Dayton Metro Library have been prepared on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. The most significant of the Library’s accounting policies are described below.

A. 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.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

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 primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The statement of net position presents the cash, cash equivalent 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 is self-financing on a modified cash basis or draws from the Library's general receipts.

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. Fiduciary funds are reported by type.

B. 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 divided into two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for 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. This fund includes the Sustainability Fund, the Facilities Enhancement Fund, and the Future Employee Compensation Fund.

Debt Service Fund – The debt service fund accounts for property taxes restricted for the purposes of repaying principal and interest on outstanding debt as they come due. See Note 14 for interest and bond repayment schedule.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Building and Repair Fund - The building and repair fund accounts for monies committed by the Board of Library Trustees specifically for building projects, including the improvements to the Library and construction of new and future facilities.

Construction Taxable Fund – The taxable construction fund accounts for the monies from the proceeds of taxable bonds restricted to the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping and, otherwise improving library buildings and facilities, and acquiring, clearing, and improving the sites thereof.

The other governmental funds of the Library is the Cares Act – Coronavirus Relief Fund, which accounts for and report resources whose use is restricted, committed, or assigned to a particular purpose.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Library's agency fund accounts for reimbursements of eligible expenses under the health or dependent care flexible spending account.

C. Basis of Accounting

The Library's financial statements are prepared using the modified 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 of this note.

As a result of the use of this modified 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. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

D. Budgetary Process

All funds, (except agency 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 and major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

E. Cash and Cash Equivalents

Cash and cash equivalents that are held separately in accounts at a financial institution for debt service are reported as "Restricted Assets: Investments Held by Trustees."

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 are not purchased from the pool are reported as investments. All investments of the cash management pool are presented on the financial statements as assets. 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 2020, the library invested in nonnegotiable certificates of deposit, federal agency securities, money market mutual funds, and STAR Ohio. Investments are reported at stated market prices, which include accrued interest, except for the money market mutual funds and STAR Ohio. The library's money market mutual fund investments are recorded at the amount reported by Fifth-Third Bank and Huntington Bank on December 31, 2020.

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 of Ohio 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 investments 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 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All Accounts of the participant will be combined for these purposes.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets reported at December 31, 2020 include the \$2,653,099 of investments held by a trustee for debt service.

G. Investments in Segregated Accounts

The Library has established specific investment portfolios for certain individual funds which are outside the cash and investment pool. The Library has determined to carry these investments at stated market prices, which include accrued interest. All investment income received through these investment portfolios, including accrued interest, are recognized as investment earnings receipts for the applicable fund.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund, Debt Service Fund, Building and Repair Fund, and Taxable Construction Fund, during 2020 amounted to \$247,823, \$57,038, \$298,108 and \$316,311, respectively.

H. 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.

I. Collections

The collections (materials including books, periodicals, audio visual, etc.) are not recognized as assets in the accompanying financial statements. Purchases of collection items are recorded as disbursements in the year in which the items are acquired (of which approximately \$3.5 million and \$3.9 million were acquired in 2020 and 2019, respectively). Contributed collection items are not reflected in the financial statements. Proceeds from the sale of collections or insurance recoveries are reflected as receipts when received.

J. 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 they cannot be spent because they are not in spendable form or they are 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.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Board of Trustees 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 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.

K. 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 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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 positions are available.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Library uses interfund transfers to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

N. 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 modified cash basis of accounting.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Long-Term Obligations

The Library's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

P. 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 statements.

Q. Fair Value Measurements

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Note 3 – Budgetary Basis of Accounting

Reconciliation of Budgetary Basis Results to Modified Cash Basis

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 and Actual – Budgetary 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 modified cash basis is due to funds that were budgeted separately but combined with the general fund for reporting purposes and outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as a component of fund balance (modified cash basis). The schedule below reconciles the change in fund balance reported in the two statements.

Change in Fund Balance - Modified Cash Basis	\$ 2,402,614
Outstanding Encumbrances	(2,303,239)
Separately Budgeted Funds	<u>12,485,841</u>
Change in Fund Balance - Budgetary Basis	\$ 12,585,216

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute 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.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

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.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in 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. 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the 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. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. 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;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio), and
8. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any time if training requirements have been met.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

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.

At year end, the Library had \$2,595 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,177,505 of the Library’s bank balance of \$4,062,592 was exposed to custodial credit risk because those deposits were uninsured and collateralized. The Library’s financial institutions were approved for a reduced collateral rate of 102 percent through the Ohio Pooled Collateral System.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or,

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The Library reports their investments at stated market prices, which include accrued interest, or net asset value per share. As of December 31, 2020, the Library had the following Investments:

Investment Type	Carrying Value	Investment Maturities (in Years)		
		Less than One Year	One to Three Years	Three to Five Years
Federal Home Loan Bank	9,253,847	9,253,847	-	-
Federal Home Loan Mortgage Corp.	4,625,995	4,625,995	-	-
Federal National Mortgage Assoc.	8,962,528	8,962,528	-	-
U.S. Treasury Security	28,901,637	28,901,637	-	-
Negotiable Certificate of Deposit	10,080,546	3,409,732	6,151,950	518,864
Money Market Funds	3,128,308	3,128,308	-	-
STAR Ohio	4,878,770	4,878,770	-	-
	<u>\$ 69,831,631</u>	<u>\$ 63,160,817</u>	<u>\$ 6,151,950</u>	<u>\$ 518,864</u>

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

The Library's investments in negotiable certificates of deposit, federal agency securities and US Treasury notes are valued based on Level 2 inputs.

Interest Rate Risk: Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and that an investment be purchased with the expectation that it will be held to maturity.

Credit Risk: Investments in Federal Agencies were rated AA+ by Standard and Poor's at December 31, 2020. The money market carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. The Library's investment policy limits investments to those authorized by State statute.

Star Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk: The Library places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return.

At December 31, 2020 the Library's investment in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and U.S. Treasury Securities equaled 13.3%, 6.6%, 12.8%, and 41.4% of total investments, respectively.

Note 5 – Public Library Fund

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 distribution made from January-June of the subsequent year. During 2020, the Library received \$16,559,967 from this funding source.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 6 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the taxing district of the Library within Montgomery County. Property tax revenue received during 2020 for real and public utility property taxes represent collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of the appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020 and are collected in 2021 with real property taxes.

The full tax rate for the Library for the year ended December 31, 2020 was \$3.15 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$6,790,896,040
Public Utility Personal Property	<u>422,995,330</u>
Total	<u>\$7,213,891,370</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 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 2020, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Westfield Insurance	Building & Contents	\$159,383,504
Westfield Insurance	EDP Property	3,718,332
Westfield Insurance	Books & Audio Visual	15,426,803
Westfield Insurance	Rare Books	1,524,584
Westfield Insurance	Third Party Property	5,000/Person 50,000/Occurrence
Westfield Insurance	Extra Expense (blanket)	3,000,000
Cincinnati Insurance	Public Officials	5,000,000
Cincinnati Insurance	Boiler & Machinery	65,000,000
Westfield Insurance	Automobile	1,000,000
Westfield Insurance	General Liability, (each occurrence)	1,000,000

Dayton Metro Library
 Montgomery County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2020

Note 7 - Risk Management

Settled claims have not exceeded 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 State Workers' Compensation System administers and pays all claims.

Note 8 - Defined Benefit Pension Plans

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):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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 years	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 years	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years

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.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 8 - Defined Benefit Pension Plans (Continued)

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 Employees
2020 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee	10.00%
2020 Actual Contribution Rates	
Employer:	
Pension	14.00%
Post-employment Health Care Benefits	<u>0.00%</u>
Total Employer	<u>14.00%</u>
Employee	<u>10.00%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,770,096 for year 2020.

Note 9 – Defined Contribution Plan

Employees of the Library may elect to participate in the Ohio Public Employees Deferred Compensation Plan. Under this program, employees elect to defer a portion of their pay. The deferred pay and any income earned on it are not subject to federal and state income taxation until actually received by the employee. Participation in the plan is optional. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseen emergency.

Note 10 – Post-employment 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 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. 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.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Post-employment Benefits (Continued)

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 75. 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 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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 2020, 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 2020 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 \$0 for the year 2020.

Note 11 – Operating Leases

The Library leases buildings and other equipment under non-cancelable leases. The Library disbursed \$298,626 to pay lease costs for the year ended December 31, 2020. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 239,308
2022	202,888
	<u>\$ 442,196</u>

Office Lease – The Library leases two spaces at various locations to provide additional services. A summary of the lease agreements is as follows:

Huber Heights – For fiscal year 2020, lease expense amounted to \$181,275. The current lease agreement expires on December 31, 2020, with one renewal option for a term of two years through December 31, 2022.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 11 – Operating Leases (Continued)

Moraine – The Library leases space to provide Outreach Services. The lease expense for 2020 amounted to \$86,561. The current lease agreement expires on April 30, 2021.

Northmont – The City of Englewood leases a building to the Library for which the Library is responsible for occupancy costs such as electric, gas and maintenance. Because the agreement does not include a base rent and occupancy costs can vary, those costs are not included in the above table of future lease payments. Occupancy costs are approximately \$27,000 annually.

Parking Spaces – The Library leases month to month parking spaces for the employees at the Main Library.

Note 12 – Intrafund/Interfund Transfers

The Sustainability Fund, Facilities Enhancement Fund, and Future Employee Compensation Fund transferred \$9,973,237, \$654,832, and \$2,011,028, respectively, to the General Fund.

Note 13 – Encumbrances:

Below is a schedule of encumbrances at year-ended December 31, 2020:

General Fund	\$ 2,303,239
Building & Repair Fund	9,915
Construction - Taxable	9,017,895
Total	<u>\$ 11,331,049</u>

Note 14 – Long Term Debt:

On March 20, 2013, the Library issued \$187,000,000 of Library Improvement Bonds (Bonds), of which \$52,000,000 were taxable (federal) and \$135,000,000 were tax exempt (federal, state, and local). The bonds have principal amounts maturing from December 2013 through December 2038 with interest rates varying from .25% to 5.0% during that time.

The Bonds are issued pursuant to Chapters 133 and 3375 of the revised code, a vote of the electors of the Library at the election held on November 6, 2012, on the question (approved by a 62.26% affirmative vote) of issuing general obligation bonds in the aggregate principal amount of \$187,000,000 and levying a property tax to retire those Bonds, and a resolution adopted by the County Board, as the taxing and bond-issuing authority for the Library, and a final terms certificate provided for by that resolution (collectively, the Authorizing Legislation).

The Bonds are issued for the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping, and otherwise improving library buildings and facilities, and acquiring, clearing and improving the sites thereof.

Premiums of \$11,510,831 were received by the Library on the sale of the Bonds and they were deposited in the Debt Service Fund. No interest was accrued on the Bonds. Money in that Fund is used to pay principal and interest on Library debt obligations.

On December 3, 2019, the Library issued \$88,764,986.10 of General Obligation (Unlimited Tax) Library Improvement Refunding Bonds, Series 2019 (Federally Taxable) (the “2019 Refunding Bonds”) to refinance for economic savings select maturities of the Library’s 2013A bonds totaling \$88,764,986 consisting of the maturing in the years December 1, 2027 through December 1, 2029, December 1, 2031 through December 1, 2034, and two of the three term bonds maturing on December 1, 2038 with coupon rates of 5.00% and 4.75%.

Dayton Metro Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 14 –Long Term Debt (Continued):

Payments of principal and interest relating to the 2019 Refunding Bonds are recorded as expenditures in the bond retirement fund. Proceeds of the 2019 Refunding were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded bonds. The 2013A bonds which were refunded are not included in the Library’s outstanding debt since the Library has in-substance satisfied its obligations through the refunding transaction. The Library achieved total debt service savings over the life of the transaction of \$12,359,180.

The 2019 Refunding Bonds were sold as current interest serial bonds with interest rates ranging from 1.83% for the December 1, 2020 maturity and increasing to 3.312% for the December 1, 2038 maturity. Interest is payable on June 1 and December 1 of each year from June 1, 2020 through December 1, 2038. The total amount of current interest serial bonds sold was \$88,320,000. A capital appreciation bond was sold in the amount of \$444,986 at a discount with a maturity date of December 1, 2027. Unlike a current interest serial bond, the capital appreciation bond does not pay interest semiannually. Interest accrues from the issuance date of December 3, 2019 and is paid its maturity of December 1, 2027.

The library’s long-term debt activity for the year ended December 31, 2020, was as follows:

General Obligation Library Improvement Bonds 2013	Balance as of 1/1/20	Additions	Reductions	Balance Outstanding 12/31/20	Due in One Year
Taxable - 2.59%	\$ 13,000,000	\$ -	\$ 5,525,000	\$ 7,475,000	\$ 5,640,000
Tax Exempt - 5.00%	46,235,014	-	-	46,235,014	-
2019 Refunding Bonds	88,764,986	-	810,000	87,954,986	805,000
Total	\$ 148,000,000	\$ -	\$ 6,335,000	\$ 141,665,000	\$ 6,445,000

Principal and interest requirements to retire the Library’s long-term general obligation bonds are as follows:

Fiscal Year Ending	Principal	Interest	Compound Interest	Total
2021	6,445,000	4,525,153	-	10,970,153
2022	6,515,000	4,379,735	-	10,894,735
2023	6,740,000	4,161,458	-	10,901,458
2024	6,990,000	3,907,961	-	10,897,961
2025	7,255,000	3,644,324	-	10,899,324
2026-2030	32,044,986	15,064,543	7,370,014	54,479,543
2031-2035	45,070,000	9,411,035	-	54,481,035
2036-2038	30,605,000	2,093,992	-	32,698,992
Total	\$ 141,664,986	\$ 47,188,201	\$ 7,370,014	\$ 196,223,201

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 15 – Contractual Commitments

The Dayton Metro Library had the following major outstanding contracts related to constructing, adding to, renovating, remodeling, furnishing, equipping, and otherwise improving the library buildings and facilities, and acquiring, clearing and improving the sites. The following estimated amounts remain on these contracts as of December 31, 2020:

Robertson Construction Services Inc.	\$ 6,675,721
Dayton Design Collaborative	2,067,105
Shook Construction Company	187,523
Miscellaneous Commitments*	87,546
Total	<u><u>\$ 9,017,895</u></u>

*These commitments are individually less than \$100,000 at fiscal year ended December 31, 2020.

Note 16 – Tax Abatements:

Other governments entered into property tax abatement agreements with Montgomery County within the taxing districts of the Library. The tax abatement agreements are a direct incentive tax exemption program benefiting property owners and businesses. Within the taxing districts of the Library, Montgomery County has entered into numerous such agreements. Under these agreements, the Library's property taxes were reduced by approximately \$400,183. The Library is not receiving any amounts from Montgomery County in association with the foregone property tax revenue.

Note 17 – Subsequent Event: COVID-19

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 fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized 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.

During 2020, the Library received CARES Act funding. The Library received \$549,500 as an on-behalf grant from another government. These amounts are recorded in the Cares Act - Coronavirus Relief Fund.

Note 18 – Contingent Liabilities

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



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Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

June 30, 2021

Dayton Metro Library
Montgomery County
215 East Third Street
Dayton, Ohio 45402

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 modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dayton Metro Library, Montgomery County, (the Library) as of and for the year ended December 31, 2020, 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 30, 2021, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles and we 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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

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

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
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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 of financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**DAYTON METRO LIBRARY
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	The Library did not have a control procedure in place to ensure that all financial statement activity is reported in the annual financial report filed on the Hinkle System.	Corrective Action Taken and Finding is Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



DAYTON METRO LIBRARY

MONTGOMERY 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 8/24/2021

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