



**PIQUA PUBLIC LIBRARY
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

PIQUA PUBLIC LIBRARY
MIAMI COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Piqua Public Library
Miami County
116 West High Street
Piqua, Ohio 45356

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Piqua Public Library, Miami County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the December 31, 2023 notes to the financial statements, during 2023, the Library implemented the new expenditure reporting requirements, resulting in significant changes in the reporting of Library expenditures. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 5, 2025

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**Piqua Public Library
Miami County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023**

	General	Capital Projects	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$690,256		\$690,256
Public Library	890,410		890,410
Intergovernmental	60,291		60,291
Patron Fines and Fees	7,204		7,204
Contributions, Gifts and Donations	17,978		17,978
Earnings on Investments	23,796	1,263	25,059
Miscellaneous	3,010		3,010
<i>Total Cash Receipts</i>	<u>1,692,945</u>	<u>1,263</u>	<u>1,694,208</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	507,897	34,257	542,154
Collection Development and Processing	223,340		223,340
Support Services:			
Facilities Operation and Maintenance	151,455		151,455
Information Services	89,608		89,608
Business Administration	373,355		373,355
Capital Outlay	7,172		7,172
<i>Total Cash Disbursements</i>	<u>1,352,827</u>	<u>34,257</u>	<u>1,387,084</u>
<i>Net Change in Fund Cash Balances</i>	340,118	(32,994)	307,124
<i>Fund Cash Balances, January 1</i>	<u>701,483</u>	<u>67,137</u>	<u>768,620</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,041,601</u></u>	<u><u>\$34,143</u></u>	<u><u>\$1,075,744</u></u>

See accompanying notes to the financial statements

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**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Note 1 – Reporting Entity

The Piqua Public Library (the Library), Miami County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Piqua City School District Board of Education (the Board of Education) appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library 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 the financial accountability being that of the Fiscal Officer.

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

Public Entity Risk Pool and Related Organization

The Library participates in a public entity risk pool (Ohio School Boards Association/Ohio Association of School Business Officials Group Rating Plan) and is associated with a related organization, Piqua City School District, which is described above. Note 6 to the financial statements provides additional information for the public entity risk pool.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Project Fund - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project fund:

Building Fund - This fund accounts for and reports resources committed by the Library Board of Trustees specifically for major capital and technology improvements.

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Basis of Accounting

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

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and object level of control.

A summary of 2023 budgetary activity appears in Note 3.

Deposits

The Library has only demand deposit accounts.

Capital Assets

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

Accumulated Leave

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

Lease

The Library is the lessee in a lease (as defined by GASB 87) related to the Library building under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

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

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

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

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

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,709,366	\$1,692,945	(\$16,421)
Capital Projects	150	1,263	1,113
Total	<u>\$1,709,516</u>	<u>\$1,694,208</u>	<u>(\$15,308)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,656,101	\$1,371,014	\$285,087
Capital Projects	50,000	34,257	15,743
Total	<u>\$1,706,101</u>	<u>\$1,405,271</u>	<u>\$300,830</u>

Note 4 – Deposits

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

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$1,075,744</u>
Total deposits	<u>1,075,744</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Grants in Aid and Taxes

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as intergovernmental cash receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Commercial umbrella liability
- Errors and omissions; and
- Employee crime

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Public Entity Risk Pool Membership

The Library participates with the Ohio Library Council in the Ohio School Boards Association/Ohio Association of School Business Officials (Ohio School Comp Level 10) Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating libraries is calculated as one experience and a common premium is applied to all libraries in the GRP. Each participant pays its workers compensation premium to the state based on the rate for all libraries in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sedgwick Managed Care Ohio provides administrative, cost control and actuarial services to the GRP.

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Lease

The Library leases its building at 116 West High Street, Piqua, under a noncancelable lease with the City of Piqua. The Library leases the building for \$11,250 per month and the Library disbursed \$135,000 to pay lease costs for 2023. The current lease expires in 2025.

Lease payments remaining at December 31, 2023, was as follows:

Year	Amount
2024	135,000
2025	135,000
Total	<u>\$270,000</u>

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Note 10 – Fund Balances

Included in fund balance are encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General				
Outstanding Encumbrances	18,187				

The fund balance of the capital projects fund is committed. These committed amounts in the capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – Trust Account Memorandum of Understanding

The Library is the benefactor of a Memorandum of Understanding with the Piqua City Schools Board of Education (BOE) regarding the donation of five shares of common stock of the Piqua National Bank in 1905 to be held in trust by the BOE for the benefit of the Schmidlapp Free School Library. The Schmidlapp Free School Library evolved into the Flesch Public Library, which is now the Piqua Public Library. The BOE is legally prohibited from “voluntarily transferring these funds directly to the Library”. In 2017, the BOE sold the stock and deposited the proceeds and accumulated dividends into a trust account at Unity National Bank. Interest earned on the account will stay with the account for use by the Library. The BOE will not access or remove any funds from the trust account without the express written consent of the Library. These funds are available to provide a “benefit” to the Library and are available to the Library upon its request to the BOE. The balance of the trust account as of December 31, 2023 was \$383,134.

Note 12 – Change in Expenditure Reporting Classifications

Effective with the 2024 reporting period, the Auditor of State is requiring libraries to transition from using summary program expenditure classifications to more detailed program expenditure classifications in reporting annual expenditures. For 2023, the Library early implemented the new expenditure reporting requirements, resulting in significant changes in the reporting of Library expenditures.

**Piqua Public Library
Miami County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022**

	General	Capital Projects	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$676,626		\$676,626
Public Library	876,801		876,801
Intergovernmental	64,671		64,671
Patron Fines and Fees	6,796		6,796
Contributions, Gifts and Donations	34,255		34,255
Earnings on Investments	1,359	\$148	1,507
Miscellaneous	14,721		14,721
<i>Total Cash Receipts</i>	<u>1,675,229</u>	<u>148</u>	<u>1,675,377</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	1,286,612	11,120	1,297,732
Capital Outlay	19,439	275	19,714
<i>Total Cash Disbursements</i>	<u>1,306,051</u>	<u>11,395</u>	<u>1,317,446</u>
<i>Net Change in Fund Cash Balances</i>	369,178	(11,247)	357,931
<i>Fund Cash Balances, January 1</i>	<u>332,305</u>	<u>78,384</u>	<u>410,689</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$701,483</u></u>	<u><u>\$67,137</u></u>	<u><u>\$768,620</u></u>

See accompanying notes to the financial statements

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**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2022**

Note 1 – Reporting Entity

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

Public Entity Risk Pool and Related Organization

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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Building Fund - This fund accounts for and reports resources committed by the Library Board of Trustees specifically for major capital and technology improvements.

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2022**

Basis of Accounting

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

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2022 budgetary activity appears in Note 3.

Deposits

The Library has only demand deposit accounts.

Capital Assets

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

Accumulated Leave

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

Lease

The Library is the lessee in a lease (as defined by GASB 87) related to the Library building under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

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

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

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2022**

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

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,533,206	\$1,675,229	\$142,023
Capital Projects	2,000	148	(1,852)
Total	<u>\$1,535,206</u>	<u>\$1,675,377</u>	<u>\$140,171</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,549,146	\$1,312,152	\$236,994
Capital Projects	31,974	11,395	20,579
Total	<u>\$1,581,120</u>	<u>\$1,323,547</u>	<u>\$257,573</u>

Note 4 – Deposits

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

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2022**

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$768,620</u>
Total deposits	<u>768,620</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Grants in Aid and Taxes

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as intergovernmental cash receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Commercial umbrella liability
- Errors and omissions; and
- Employee crime

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2022**

Public Entity Risk Pool Membership

The Library participates with the Ohio Library Council in the Ohio School Boards Association/Ohio Association of School Business Officials (Ohio School Comp Level 10) Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating libraries is calculated as one experience and a common premium is applied to all libraries in the GRP. Each participant pays its workers compensation premium to the state based on the rate for all libraries in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sedgwick Managed Care Ohio provides administrative, cost control and actuarial services to the GRP.

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2022, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Lease

The Library leases its building at 116 West High Street, Piqua, under a noncancelable lease with the City of Piqua. The Library leases the building for \$11,250 per month and the Library disbursed \$135,000 to pay lease costs for 2022. The current lease expires in 2025.

Lease payments remaining at December 31, 2022, was as follows:

Year	Amount
2023	\$135,000
2024	135,000
2025	135,000
Total	<u>\$405,000</u>

**Piqua Public Library
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2022**

Note 10 – Fund Balances

Included in fund balance are encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General				
Outstanding Encumbrances	6,101				
Total	\$6,101				

The fund balance of the capital project fund is committed. These committed amounts in the capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – Trust Account Memorandum of Understanding

The Library is the benefactor of a Memorandum of Understanding with the Piqua City Schools Board of Education (BOE) regarding the donation of five shares of common stock of the Piqua National Bank in 1905 to be held in trust by the BOE for the benefit of the Schmidlapp Free School Library. The Schmidlapp Free School Library evolved into the Piqua Public Library, which is now the Piqua Public Library. The BOE is legally prohibited from “voluntarily transferring these funds directly to the Library”. In 2017, the BOE sold the stock and deposited the proceeds and accumulated dividends into a trust account at Unity National Bank. Interest earned on the account will stay with the account for use by the Library. The BOE will not access or remove any funds from the trust account without the express written consent of the Library. These funds are available to provide a “benefit” to the Library and are available to the Library upon its request to the BOE. The balance of the trust account as of December 31, 2022 was \$380,998.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Piqua Public Library
Miami County
116 West High Street
Piqua, Ohio 45356

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Piqua Public Library, Miami County, Ohio (the Library) and have issued our report thereon dated February 5, 2025, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted during 2023, the Library implemented the new expenditure reporting requirements, resulting in significant changes in the reporting of Library expenditures.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Library's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Library's response to the finding identified in our audit and described in the accompanying schedule of findings. The Library's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 5, 2025

**PIQUA PUBLIC LIBRARY
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2023-001

Significant Deficiency – Payroll Bank Reconciliation

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and periodically reconcile them to the accounting records. The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

Monthly bank to book reconciliations were not prepared for the payroll checking account for any month of 2023 and 2022. The bank balance for the payroll account was improperly excluded from the bank reconciliation, accounting system, and the financial statements for both years of the audit. The bank balance of the payroll account as of December 31, 2023 and December 31, 2022 was \$2,695 and \$8,055, respectively.

Failure to reconcile the payroll account monthly and include all of the Library's bank accounts on the accounting system increases the possibility that the Library will not be able to identify, assemble, analyze, classify, and record its transactions correctly. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Library should prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Any unreconciled amounts should be investigated, documented and corrected.

Officials' Response: Upon the transition of fiscal officers, the payroll account was not balanced during the tenure of the previous fiscal officer. The new fiscal officer was unable to sign the transition paperwork, because they were not given all of the documents required for the job to sign the document. A significant amount of time was spent attempting to reconcile the account retroactively; however, due to numerous errors and the fact that many employees were no longer with the organization, reconstructing the payroll records proved impossible. For example, many employees were no longer working at the library to make changes to past deductions. The new fiscal officer started a new reconciliation beginning January 2024, drawing a line in the sand from that date forward. The library does not use the UAN software for payroll, so the payroll process happens outside of the UAN system. The position of fiscal officer is not full time and so the fiscal officer is not able to "run payroll" on a regular basis. Paychex is the vendor who process payroll. The payroll reconciliation has been resolved and now that the fiscal officer knows where to enter the payroll clearance amount in the UAN software at year end it will be in the system in the future.

2. OTHER – FINDING FOR RECOVERY
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In addition, we identified the following other issue related to a Finding for Recovery. The issue did not impact our GAGAS report.

FINDING NUMBER 2023-002

Finding for Recovery – Repaid Under Audit

The Library hired a new Director, Stephenie Rostron, during 2022 at a salary of \$73,000 per year, as stated in the Director's accepted offer letter. On December 20, 2022, the Library's Board approved a salary increase of 3%. This increase should have resulted in the Director being compensated a 2023 salary of \$75,190, or \$3,132.92, per pay period (Library employees are paid twice each month) for 2023. However, the Director was incorrectly paid \$3,175.83 (an overpayment of \$42.91 per pay period) for 23 pay periods in 2023 and the first pay period in 2024. As a result, the Director was overpaid a total of \$1,029.84 for her 2023 salary.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued in the amount of \$1,029.84 against Stephenie Rostron and in favor of the Library's general fund.

Repayment was made via check on January 29, 2025, in the amount of \$1,029.84. This amount was deposited and recorded to the Library's general fund on January 30, 2025.

The Library should establish and implement procedures to verify that all employees are paid the authorized salary or wage amount. Failure to do so could lead to the Library paying employees incorrectly and could lead to future findings for recovery.

Officials' Response: The previous fiscal officer created a per pay amount based on days remaining to work in the year versus taking \$73,000 divided by 24 pays. The prior per pay amount was used as the basis for the 3% increase for the next calendar year, instead of using \$73,000 times 3%. This issue has since been resolved with the implementation of salary schedules, salary notices, and a multi-person review of the information being entered into the payroll system.

OHIO AUDITOR OF STATE KEITH FABER



PIQUA PUBLIC LIBRARY

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/11/2025

65 East State 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