



**TIPP CITY PUBLIC LIBRARY
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

**TIPP CITY PUBLIC LIBRARY
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023.....	5
Notes to the Financial Statements For the Year Ended December 31, 2023.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	15
Notes to the Financial Statements For the Year Ended December 31, 2022.....	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Tipp City Public Library
Miami County
11 East Main Street
Tipp City, Ohio 45371

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 Tipp City 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.

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 *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 April 16, 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.

A handwritten signature in black ink, reading "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber
Auditor of State
Columbus, Ohio

April 16, 2025

This page intentionally left blank.

**Tipp City 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	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$275,435			\$275,435
Public Library	644,062			644,062
Intergovernmental	31,966	\$29,762		61,728
Patron Fines and Fees	8,976			8,976
Contributions, Gifts and Donations	243,650	34,638		278,288
Earnings on Investments	230,176			230,176
Miscellaneous	472			472
<i>Total Cash Receipts</i>	<u>1,434,737</u>	<u>64,400</u>		<u>1,499,137</u>
Cash Disbursements				
Current:				
Library Services:		100		100
Public Services and Programs	607,193	54,151		661,344
Collection Development and Processing	67,590	17,441		85,031
Support Services:				
Facilities Operation and Maintenance	38,514			38,514
Information Services	3,493			3,493
Business Administration	128,711	3,318		132,029
Capital Outlay	40,171	7,380	6,000	53,551
<i>Total Cash Disbursements</i>	<u>885,672</u>	<u>82,390</u>	<u>6,000</u>	<u>974,062</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>549,065</u>	<u>(17,990)</u>	<u>(6,000)</u>	<u>525,075</u>
Other Financing Receipts (Disbursements)				
Advances In		88,248		88,248
Advances Out	(88,248)			(88,248)
Other Financing Uses	(7,994)			(7,994)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(96,242)</u>	<u>88,248</u>		<u>(7,994)</u>
<i>Net Change in Fund Cash Balances</i>	<u>452,823</u>	<u>70,258</u>	<u>(6,000)</u>	<u>517,081</u>
<i>Fund Cash Balances, January 1</i>	<u>1,922,287</u>	<u>77,405</u>	<u>171,944</u>	<u>2,171,636</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,375,110</u>	<u>\$147,663</u>	<u>\$165,944</u>	<u>\$2,688,717</u>

See accompanying notes to the financial statements

This page intentionally left blank.

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

Note 1 – Reporting Entity

The Tipp City 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 Board of Education of the Tipp City Exempted Village School District (the Board of Education) appoints a 7-member Board of Trustees to govern the Library. Appointments are for seven-year terms, and members serve without compensation. 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 financial accountability being that of the Fiscal Officer. The Library provides the community with various educational and literary resources.

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 and the role and purpose(s) of the levy are discretionary decisions made solely by the Board of Trustees. Once those decisions are made, the Board of Education has no discretion and must place 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.

Related Organizations

The Library is considered to be a related organization of the Tipp City Exempted Village School District, as described above.

The Friends of the Tipp City Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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. The general fund includes activity of the Library endowment fund of the Tipp City Foundation (a component fund of the Troy Foundation) as there are no restrictions related to these monies.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Special Revenue – Materials Fund - This fund accounts for and reports donations, contributions, and gifts to the Library that have been restricted to use for materials within the Library.

Special Revenue – Programming Supplies Fund - This fund accounts for and reports donations, contributions, and gifts and intergovernmental grants to the Library that have been restricted to use for programming supplies within the Library.

ODE Grant Fund - This fund accounts for and reports an intergovernmental grant to the Library that has been restricted to use for a specific program.

Capital Project Funds These funds account for and report 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 funds:

Capital Projects – Building Fund - This fund is used to account for resources that are to be used for capital improvements to the Library.

Capital Projects – Technology Fund - This fund is used to account for resources that are to be used for technology purchases for the Library.

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, object level of control.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investments as assets for the Library endowment fund of the Tipp City Foundation (a component fund of the Troy Foundation). This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records realized and unrealized gains and losses on investments when they occur. The Library values these investments at fair market value.

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.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

Library employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable - The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 9.

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

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	\$1,084,511	\$1,434,737	\$350,226
Special Revenue	204,017	152,648	(51,369)
Capital Projects	0	0	0
Total	<u>\$1,288,528</u>	<u>\$1,587,385</u>	<u>\$298,857</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$971,115	\$987,116	(\$16,001)
Special Revenue	247,905	84,674	163,231
Capital Projects	6,000	6,000	0
Total	<u>\$1,225,020</u>	<u>\$1,077,790</u>	<u>\$147,230</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for funds held by the Library are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Library also has funds with an endowment fund of the Tipp City Foundation (a component fund of the Troy Foundation) that are not part of this pool. A summary of the Library's deposit and investment accounts are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$1,252,249</u>
Total deposits	<u>1,252,249</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u><u>\$1,252,249</u></u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Library endowment fund cash and investments held by Troy Foundation	<u>\$1,436,468</u>
<i>Total Outside Accounts</i>	<u><u>\$1,436,468</u></u>
<i>Total carrying amount of deposits and investments</i>	<u><u>\$2,688,717</u></u>

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

Note 4 – Deposits and Investments (Continued)

The amount described above as not held in the Library's cash management pool is related to cash and investments held by the Troy Foundation for the Tipp City Public Library Endowment Fund of the Tipp City Foundation. Funds are provided to the endowment fund 1) directly by the public to be used for any Library purposes or 2) by the Library from amounts that have been donated to the Library with no restrictions on the use of the money. The related activity and the balance is recorded and reported on the Library's accounting system and accompanying financial statement.

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library 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.

Investments

The Library has funds in the Tipp City Public Library Endowment Fund of the Tipp City Foundation, which is held by the Troy Foundation. These funds are invested in the Troy Foundation's overall pool of cash and investments and the cash and investments are not specifically identifiable. The related cash and investments are not in the Library's name.

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 revenue. 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.

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

Note 6 – Risk Management

Workers' Compensation

The Library participates in a Group Rating Agreement with Sheakley UniServices Inc.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 – Fund Balances

Included in fund balance are amounts encumbered. 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 outstanding encumbrances total \$5,202 and \$2,284 in the general fund and special revenue fund, respectively.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted and committed amounts in the special revenue fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – Interfund Balances

Outstanding advances at December 31, 2023, consisted of \$88,248 advanced by the general fund to the ODE grant special revenue fund to provide program funds prior to receipt of grant monies.

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

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. The grantor 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.

This page intentionally left blank.

**Tipp City 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	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$271,872			\$271,872
Public Library	634,218			634,218
Intergovernmental	32,769	\$23,498		56,267
Patron Fines and Fees	6,939			6,939
Contributions, Gifts and Donations	41,104	37,875		78,979
Earnings on Investments	(173,472)			(173,472)
Miscellaneous	338			338
<i>Total Cash Receipts</i>	<u>813,768</u>	<u>61,373</u>		<u>875,141</u>
Cash Disbursements				
Current:				
Library Services:		4,750		4,750
Public Services and Programs	496,228	24,200		520,428
Collection Development and Processing	88,422	17,293		105,715
Support Services:				
Facilities Operation and Maintenance	37,688			37,688
Business Administration	119,014	845		119,859
Capital Outlay	40,555			40,555
<i>Total Cash Disbursements</i>	<u>781,907</u>	<u>47,088</u>		<u>828,995</u>
<i>Net Change in Fund Cash Balances</i>	31,861	14,285		46,146
<i>Fund Cash Balances, January 1</i>	<u>1,890,048</u>	<u>63,120</u>	<u>\$171,944</u>	<u>2,125,112</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,921,909</u>	<u>\$77,405</u>	<u>\$171,944</u>	<u>\$2,171,258</u>

See accompanying notes to the financial statements

This page intentionally left blank.

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

Note 1 – Reporting Entity

The Tipp City 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 Board of Education of the Tipp City Exempted Village School District (the Board of Education) appoints a 7-member Board of Trustees to govern the Library. Appointments are for seven-year terms, and members serve without compensation. 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 financial accountability being that of the Fiscal Officer. The Library provides the community with various educational and literary resources.

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 and the role and purpose(s) of the levy are discretionary decisions made solely by the Board of Trustees. Once those decisions are made, the Board of Education has no discretion and must place 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.

Related Organizations

The Library is considered to be a related organization of the Tipp City Exempted Village School District, as described above.

The Friends of the Tipp City Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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. The general fund includes activity of the Library endowment fund of the Tipp City Foundation (a component fund of the Troy Foundation) as there are no restrictions related to these monies.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Special Revenue – Materials Fund - This fund accounts for and reports donations, contributions, and gifts to the Library that have been restricted to use for materials within the Library.

Special Revenue – Programming Supplies Fund - This fund accounts for and reports donations, contributions, and gifts and intergovernmental grants to the Library that have been restricted to use for programming supplies within the Library.

Capital Project Funds These funds account for and report 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 funds:

Capital Projects – Building Fund - This fund is used to account for resources that are to be used for capital improvements to the Library.

Capital Projects – Technology Fund - This fund is used to account for resources that are to be used for technology purchases for the Library.

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 function level of control.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investments as assets for the Library endowment fund of the Tipp City Foundation (a component fund of the Troy Foundation). This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records realized and unrealized gains and losses on investments when they occur. The Library values these investments at fair market value.

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.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

Library employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable - The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 9.

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

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	\$898,717	\$813,768	(\$84,949)
Special Revenue	58,189	61,373	3,184
Capital Projects	0	0	0
Total	<u>\$956,906</u>	<u>\$875,141</u>	<u>(\$81,765)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$939,897	\$786,077	\$153,820
Special Revenue	78,196	47,088	31,108
Capital Projects	0	0	0
Total	<u>\$1,018,093</u>	<u>\$833,165</u>	<u>\$184,928</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for funds held by the Library are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Library also has funds with an endowment fund of the Tipp City Foundation (a component fund of the Troy Foundation) that are not part of this pool. A summary of the Library's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$1,161,232
Total deposits	<u>1,161,232</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u>\$1,161,232</u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Library endowment fund cash and investments held by Troy Foundation	\$1,010,026
<i>Total Outside Accounts</i>	<u>\$1,010,026</u>
<i>Total carrying amount of deposits and investments</i>	<u>\$2,171,258</u>

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

Note 4 – Deposits and Investments (Continued)

The amount described above as not held in the Library's cash management pool is related to cash and investments held by the Troy Foundation for the Tipp City Public Library Endowment Fund of the Tipp City Foundation. Funds are provided to the endowment fund 1) directly by the public to be used for any Library purposes or 2) by the Library from amounts that have been donated to the Library with no restrictions on the use of the money. The related activity and the balance is recorded and reported on the Library's accounting system and accompanying financial statement.

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library 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.

At December 31, 2022, \$240,855 of deposits were not insured or collateralized, contrary to Ohio law.

Investments

The Library has funds in the Tipp City Public Library Endowment Fund of the Tipp City Foundation, which is held by the Troy Foundation. These funds are invested in the Troy Foundation's overall pool of cash and investments and the cash and investments are not specifically identifiable. The related cash and investments are not in the Library's name.

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 revenue. 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.

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

Note 5 – Grants in Aid and Taxes (Continued)

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

Workers' Compensation

The Library participates in a Group Rating Agreement with Sheakley UniServices Inc.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 – Fund Balances

Included in fund balance are amounts encumbered. 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 outstanding encumbrances total \$4,170 in the general fund.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. In the general fund, outstanding encumbrances are considered assigned.

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

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. The grantor 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.

This page intentionally left blank.

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

Tipp City Public Library
Miami County
11 East Main Street
Tipp City, Ohio 45371

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 Tipp City Public Library, Miami County, Ohio (the Library) and have issued our report thereon dated April 16, 2025, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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. 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 material weakness.

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 Responses to Findings

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

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

April 16, 2025

**TIPP CITY 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

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following financial statement errors were identified and required adjustment to the financial statements:

- The Library did not record to the accounting system any of the 2022 first quarter through third quarter activity related to the endowment fund. A fund balance adjustment was then incorrectly recorded in the accounting system to account for the net revenue and expense activity reported on the endowment fund statements for these three quarters. These errors resulted in an overstatement of earnings on investments in the amount of \$226,825, and understatements in business administration disbursements in the amount of \$7,622, public service and programs disbursements in the amount of \$33, contributions, gifts, and donations in the amount of \$38,267, and opening equity in the amount of \$196,213 in the general fund.
- The Library's 2022 fourth quarter activity related to the endowment fund was not recorded to the accounting system until January 2023, and the activity was also incorrectly recorded at the net revenue and expense activity reported on the endowment statement to earnings on investments, resulting in an understatement of fund cash balance of \$51,233 at December 31, 2022 in the general fund.
- The Library incorrectly recorded a State of Ohio grant in 2022 resulting in an overstatement of contributions, gifts, and donations, and an understatement of intergovernmental receipts in the amount of \$4,999 in special revenue funds.
- The Library's first quarter through third quarter activity for 2023 related to the endowment fund was incorrectly recorded to the accounting system at the net revenue and expense activity reported on the endowment fund statements to earnings on investments. The 2023 fourth quarter activity was also not recorded to the accounting system until February 2024 and the activity was incorrectly posted at the net revenue and expense activity reported on the endowment fund statements to earnings on investments. These errors resulted in overstatements of earnings on investments in the amount of \$227,997, miscellaneous receipts in the amount of \$7,500, and public services and programs disbursements in the amount of \$760 in the general fund. These errors also resulted in understatements of business administration disbursements in the amount of \$7,813, contributions, gifts, and donations in the amount of \$242,550, and fund cash balance at December 31, 2023 of \$122,760 in the general fund.

These errors were caused by the Library's lack of understanding related to properly recording the Library's financial activity, specifically the revenue and expenditure activity related to the endowment fund.

Failure to properly and timely record financial activity could lead to materially misstated financial statements and users of the financial statements and financial information basing their conclusions on incorrect information.

FINDING NUMBER 2023-001
(Continued)

The Library should establish and implement procedures to verify accuracy and timeliness of the revenues and expenditures recorded in the accounting system.

Officials' Response: The Library has worked with the Auditor of State and under the guidance of the AOS, Center for Audit Excellence and Local Government Services, has established a correct process for recording the Endowment transactions.

2. OTHER – FINDING FOR RECOVERY
--

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

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of "proper public purpose" rests with the governmental entity, unless such determination is arbitrary or unreasonable. Further, Auditor of State Bulletin 2003-005 states, in part, that governmental entities may not make expenditures of public monies unless they are for a valid public purpose and the Auditor of State's Office will only question expenditures where the legislative determination of a proper public purpose is manifestly arbitrary and incorrect.

In relation to 2023 and 2022, the Library paid identified late fees and finance charges in the total amount of \$903.36 for the following:

- \$57.43 due to the Library paying 2022 school district income tax withholdings as if it was state income tax.
- \$34.74 due to the Library paying 2023 school district income tax withholdings as if it was state income tax.
- \$2.04 due to the Library paying 2022 state income tax withholding late.
- \$11.26 due to the Library paying 2021 school district income tax amount due in 2022 late.
- \$518.77 due to the Library filing its third quarter and fourth quarter 2022 unemployment insurance quarterly tax returns late.
- \$279.12 due to the Library paying the Ohio Public Employees Retirement System (OPERS) for the months of January 2022, July 2022, and November 2023 late.

Late fees/penalties and related finance charges are unnecessary expenditures which do not serve a proper public purpose. The late fees and finance charges were a result of Deborah Watson's gross negligence in failing to timely pay Library obligations.

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 against Deborah Watson, former Fiscal Officer, in the amount of \$903.36, and in favor of the Library's general fund.

The Library should establish and implement procedures to verify that all obligations are paid in a timely manner as to avoid any late fees and penalties.

Repayment was made by Deborah Watson via check on April 22, 2025, in the amount of \$903.36. This amount was deposited and recorded to the Library's general fund on April 28, 2025.

FINDING NUMBER 2023-002
(Continued)

Officials' Response: The Library has implemented the following procedures to aid and verify filings and payments are made on schedule:

- 1) A comprehensive calendar has been created to summarize all filing and payment due dates as they correspond to payroll dates, paycheck dates and entity.
- 2) The status of filings and payments is included in the monthly Fiscal Officer Report.
- 3) All notices and updates are opened and reviewed by the Executive Director and the Admin prior to going to the Fiscal Officer.

OHIO AUDITOR OF STATE KEITH FABER



TIPP CITY 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 5/13/2025

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