

GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA COUNTY, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016





Dave Yost • Auditor of State

Board of Trustees
Geauga County Public Library
12701 Ravenwood Drive
Chardon, Ohio 44024

We have reviewed the *Independent Auditor's Report* of the Geauga County Public Library, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 4, 2018

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**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2017 and 2016**

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INDEPENDENT AUDITOR'S REPORT

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Geauga County Public Library, Geauga County, (the Library) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

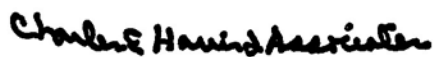
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2017 and 2016, or its changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of the Geauga County Public Library, Geauga County as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2018, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
March 2, 2018

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2017

	General	Debt Service	Capital Projects	(Memorandum Only) Total
Receipts:				
Property and Other Local Taxes	\$ 5,046,508	-	-	\$ 5,046,508
Public Library	2,724,108	-	-	2,724,108
Intergovernmental	694,093	-	-	694,093
Patron Fines and Fees	81,006	-	-	81,006
Contributions, Gifts and Donations	20,885	-	-	20,885
Earnings on Investments	25,144	-	1,515	26,659
Miscellaneous	75,594	-	-	75,594
Total Cash Receipts	8,667,338	-	1,515	8,668,853
Disbursements:				
Library Services:				
Public Services and Programs	3,631,878	-	-	3,631,878
Collection Development and Processing	1,900,192	-	-	1,900,192
Support Services:				
Facilities Operation and Maintenance	839,829	-	-	839,829
Information Services	575,173	-	-	575,173
Business Administration	1,034,589	-	73,040	1,107,629
Capital Outlay	111,152	-	66,466	177,618
Total Cash Disbursements	8,092,813	-	139,506	8,232,319
Excess Cash Receipts Over/(Under)				
Cash Disbursements	574,525	-	(137,991)	436,534
Other Financing Receipts (Disbursements)				
Sale of Notes	-	-	10,000,000	10,000,000
Premium and Accrued Interest on Debt	-	41,700	-	41,700
Transfers In	-	-	500,000	500,000
Transfers Out	(500,000)	-	-	(500,000)
Total Other Financing Receipts (Disbursements)	(500,000)	41,700	10,500,000	10,041,700
Net Change in Fund Cash Balances	74,525	41,700	10,362,009	10,478,234
Fund Cash Balance January 1, 2017	2,535,805	-	1,432,604	3,968,409
Fund Cash Balance December 31, 2017				
Restricted	-	41,700	9,968,400	10,010,100
Assigned	1,333,152	-	1,826,213	3,159,365
Unassigned	1,277,178	-	-	1,277,178
Fund Cash Balance December 31, 2017	\$ 2,610,330	\$ 41,700	\$ 11,794,613	\$ 14,446,643

The notes to the financial statements are an integral part of this statement

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. REPORTING ENTITY

The Geauga County Public Library, Geauga County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees; four trustees are appointed by Geauga County Commissioners and three by the Judge of the County Common Pleas Court. The Library provides the community with various educational and literary resources.

The Library participates in a public entity risk pool, the Stark County Schools Council of Government (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of 95 entities, most of which are school districts. The Library provides health insurance coverage through the Council. The Council also provides a Workers' Compensation group rating plan which is insurance purchasing pool, but the Library does not participate in this program. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. This organization is further described in Note 6 of the Notes to the Basic Financial Statements.

The Library participates in Ohio Plan Risk Management Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

Gauga County Public Library system is supported by seven distinct Friends of the Library groups as well as the Geauga County Library Foundation. Each of these groups 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, these organizations have been excluded from the reporting entity of the Library.

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

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.

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund

This fund is used to account for receipts that are restricted for the payment of general obligation notes and bonds.

- *Debt Service Fund* – This fund accounts for the premium received from the issuance of general obligation notes and bonds and future tax receipts to pay for future bond issue.

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:

- *Building and Repair Fund* – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.
- *Capital Improvement - Bonds Fund* – The facilities construction fund accounts for and reports proceeds of general obligation notes and bonds. The proceeds are restricted for construction and renovation of library buildings.

Basis of Accounting

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

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments (continued)

The Library values common stock at fair value when donated. Money market mutual funds are recorded at share values the mutual funds report. Investments in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts		Actual Receipts	Variance
General	\$ 8,560,368	\$	8,667,338	\$ 106,970
Debt Service	41,700		41,700	0
Capital Projects	10,000,000		10,501,515	501,515
Total	\$ 18,602,068	\$	19,210,553	\$ 608,485

2017 Budgeted vs. Actual Budgetary Basis Disbursements				
Fund Type	Appropriation Authority		Budgetary Disbursements	Variance
General	\$ 11,078,162	\$	9,358,833	\$ 1,719,329
Debt Service	41,700		0	41,700
Capital Projects	11,432,604		199,001	11,233,603
Total	\$ 22,552,466	\$	9,557,834	\$ 12,994,632

GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2017

4. DEPOSITS AND INVESTMENTS

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2017
Demand Deposit	\$ 1,303,471
Total Deposits	1,303,471
<u>Investments:</u>	
Money Market Mutual Fund	3,113,546
STAR Ohio	10,011,615
Donated stock (FMV at time of donation)	18,011
Total Investments	13,143,172
Total Deposits and Investments	\$ 14,446,643

Deposits

All deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS) except for funds on deposit with PNC Bank. Deposits held by PNC are collateralized by the financial institution’s public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

Investments

Investments: Investments in mutual funds and STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

5. GRANTS-IN-AID AND TAX RECEIPTS

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2017

5. GRANTS-IN-AID AND TAX RECEIPTS (continued)

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

6. RISK MANAGEMENT

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

Risk Pool Membership

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016 (the latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016, the date of the most recent information available at the time the footnotes were prepared.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2017

6. RISK MANAGEMENT (continued)

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

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee health and dental benefits. The Stark County Schools Council’s Health Benefits Program is a shared risk pool comprised of 95 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$716.47 for single coverage and \$1,719.64 for family coverage per month for full time employees if elected. Of this amount, the employee contributes 20%. The Library also offers dental coverage to full time employees. Monthly premiums are \$91.03 for single coverage and \$224.42 for family coverage. Each employee contributes 20% of the premium. Financial information and statements can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Employees of the Library belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2017 of their gross pay while the Library contributed an amount equal to 14% of covered payroll for both years. The Library paid all required contributions through 2017.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined was 1.0 percent during calendar year 2017.

9. DEBT

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Bond Anticipation Notes	\$10,000,000	1.410%
Total	\$10,000,000	

GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2017

8. DEBT (Continued)

The Library issued \$10,000,000 in Bond Anticipation Notes on December 28, 2017 at rates of 1.410% due June 28, 2018 for the purpose of constructing, installing and equipping certain improvements to the Library. Construction will include two new library buildings and other improvements include renovation of two buildings. The Library will issue bonds to pay off the BANS on June 28, 2018. In association with the above bond, the Library is required to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2017 is \$41,700.

Amortization

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

Year ending December 31:	Bond Anticipation Notes
2017	<u>\$10,112,500</u>
Total	<u><u>\$10,112,500</u></u>

9. TRANSFERS

In 2017, the General Fund transferred \$500,000 to the Building and Repair Fund – Capital Projects Fund for building repairs/constructions payments.

10. LEASES

In April 2014, the Library entered into a 60 month agreement with Pitney Bowes for the lease of postage machines. In March 2015 the Library entered into a 5 year service agreement with Lake Geauga Computer Association for the provision of Internet service. In March 2016, the Library entered a 48 month agreement with CCT Financial for the lease of copier machines. The Library disbursed \$92,106 to pay lease costs for the year ended December 31, 2017.

<u>Year ending December 31</u>	<u>Amount</u>
2018	\$ 114,700
2019	26,135
2020	<u>6,149</u>
Total	<u><u>\$ 146,984</u></u>

11. SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES (REGULATORY CASH BASIS)
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2016**

	General	Capital Projects	(Memorandum Only) Total
Receipts:			
Property and Other Local Taxes	\$ 4,933,527	-	\$ 4,933,527
Public Library	2,713,166	-	2,713,166
Intergovernmental	692,843	-	692,843
Patron Fines and Fees	149,201	-	149,201
Contributions, Gifts and Donations	91,961	-	91,961
Earnings on Investments	18,072	-	18,072
Miscellaneous	35,909	-	35,909
Total Cash Receipts	8,634,679	-	8,634,679
Disbursements:			
Library Services:			
Public Services and Programs	3,281,605	-	3,281,605
Collection Development and Processing	2,286,256	-	2,286,256
Support Services:			
Facilities Operation and Maintenance	1,123,710	3,033	1,126,743
Information Services	451,207	-	451,207
Business Administration	1,124,633	88,481	1,213,114
Capital Outlay	600,495	1,372,513	1,973,008
Total Cash Disbursements	8,867,906	1,464,027	10,331,933
Excess Cash Receipts Over/(Under)			
Cash Disbursements	(233,227)	(1,464,027)	(1,697,254)
Other Financing Receipts (Disbursements)			
Transfers In	-	500,000	500,000
Transfers Out	(500,000)	-	(500,000)
Total Other Financing Receipts (Disbursements)	(500,000)	500,000	-
Net Change in Fund Cash Balances	(733,227)	(964,027)	(1,697,254)
Fund Cash Balance January 1, 2016	3,269,032	2,396,631	5,665,663
Fund Cash Balance December 31, 2016			
Restricted	-	22,520	22,520
Assigned	642,019	1,410,084	2,052,103
Unassigned	1,893,786	-	1,893,786
Fund Cash Balance December 31, 2016	\$ 2,535,805	\$ 1,432,604	\$ 3,968,409

The notes to the financial statements are an integral part of this statement

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016

1. REPORTING ENTITY

The Geauga County Public Library, Geauga County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees; four trustees are appointed by Geauga County Commissioners and three by the Judge of the County Common Pleas Court. The Library provides the community with various educational and literary resources.

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Gauga County Public Library system is supported by seven distinct Friends of the Library groups as well as the Geauga County Library Foundation. Each of these groups 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, these organizations have been excluded from the reporting entity of the Library.

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

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.

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 fund:

- *Building and Repair Fund* – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

Basis of Accounting

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

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values common stock at fair value when donated. Money market mutual funds are recorded at share values the mutual funds report. Investments in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

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.

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 For the Year Ended December 31, 2016

3. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2016
Demand Deposit	\$ 857,951
Total Deposits	857,951
<u>Investments:</u>	
Money Market Mutual Fund	3,092,447
Donated stock (FMV at time of donation)	18,011
Total Investments	3,110,458
Total Deposits and Investments	\$ 3,968,409

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution’s public entity deposit pool.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

4. GRANTS-IN-AID AND TAX RECEIPTS

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. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
 For the Year Ended December 31, 2016

5. BUDETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,419,042	\$ 8,634,679	\$ 215,637
Capital Projects	-	500,000	500,000
Total	\$ 8,419,042	\$ 9,134,679	\$ 715,637

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 11,670,062	\$ 10,009,924	\$ 1,660,138
Capital Projects	2,396,631	1,486,547	910,084
Total	\$ 14,066,693	11,496,471	\$ 2,570,222

6. DEBT

The Library did not have any outstanding loans as of December 31, 2016.

7. RETIREMENT SYSTEM

Employees of the Library belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2016 of their gross pay while the Library contributed an amount equal to 14% of covered payroll for both years. The Library paid all required contributions through 2016.

GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY, OHIO
 Notes to the Financial Statements
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8. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Library pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee health and dental benefits. The Stark County Schools Council’s Health Benefits Program is a shared risk pool comprised of 95 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$679.76 for single coverage and \$1,651.14 for family coverage per month for full time employees if elected. Of this amount, the employee contributes 20%. The Library also offers dental coverage to full time employees. Monthly premiums are \$86.37 for single coverage and \$212.92 for family coverage. Each employee contributes 20% of the premium. Financial information and statements can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

9. TRANSFERS

In 2016, The General Fund transferred \$500,000 to the Building and Repair Fund – Capital Projects Fund for building repairs/constructions payments.

10. LEASES

In April 2014, the Library entered into a 60 month agreement with Pitney Bowes for the lease of postage machines. In March 2015, the Library entered into a 5 year service agreement with Lake Geauga Computer Association for the provision of Internet service. In March 2016, the Library entered a 48 month agreement with CCT Financial for the lease of copier machines.

Year ending December 31	Amount
2017	\$ 92,106
2018	114,700
2019	26,135
2020	6,149
	\$ 239,090

GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2016

11. SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Geauga County Public Library, Geauga County, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2018, wherein we noted that Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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) to determine the 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

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 *Governmental Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

March 2, 2018



Dave Yost • Auditor of State

GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 5, 2018