



Dave Yost • Auditor of State

HARBOR-TOPKY MEMORIAL LIBRARY
ASHTABULA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Harbor-Topky Memorial Library
Ashtabula County
1633 Walnut Boulevard
Ashtabula, Ohio 44004

To the Board of 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 Harbor-Topky Memorial Library, Ashtabula County, Ohio (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 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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 these 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 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, and the respective 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 related notes of the Harbor-Topky Memorial Library, Ashtabula County as of December 31, 2017 and 2016, 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 December 12, 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.



Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2018

**HARBOR-TOPKY MEMORIAL PUBLIC LIBRARY
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$215,339	\$0	\$0	\$0	\$215,339
Public Library	\$338,786				338,786
Intergovernmental	40,137				40,137
Patron Fines and Fees	6,967				6,967
Contributions, Gifts and Donations	1,955	2,346			4,301
Earnings on Investments	73	51	1	2	127
Miscellaneous	1,403	0			1,403
<i>Total Cash Receipts</i>	<u>604,660</u>	<u>2,397</u>	<u>1</u>	<u>2</u>	<u>607,060</u>
Cash Disbursements					
Current:					
Library Services	515,216	4,260			519,476
Capital Outlay				21,200	21,200
Debt Service:					
Principal Retirement			22,158		22,158
Interest and Fiscal Charges			119		119
<i>Total Cash Disbursements</i>	<u>515,216</u>	<u>4,260</u>	<u>22,277</u>	<u>21,200</u>	<u>562,953</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>89,444</u>	<u>(1,863)</u>	<u>(22,276)</u>	<u>(21,198)</u>	<u>44,107</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	14,505	21,000	35,505
Transfers Out	(35,505)	0	0	0	(35,505)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(35,505)</u>	<u>0</u>	<u>14,505</u>	<u>21,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	53,939	(1,863)	(7,771)	(198)	44,107
<i>Fund Cash Balances, January 1</i>	<u>58,254</u>	<u>24,895</u>	<u>7,771</u>	<u>2,138</u>	<u>93,058</u>
Fund Cash Balances, December 31					
Restricted		21,046			21,046
Committed		1,986		1,940	3,926
Unassigned (Deficit)	112,193				112,193
<i>Fund Cash Balances, December 31</i>	<u>\$112,193</u>	<u>\$23,032</u>	<u>\$0</u>	<u>\$1,940</u>	<u>\$137,165</u>

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

**HARBOR-TOPKY MEMORIAL PUBLIC LIBRARY
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Fiduciary Fund Type Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	\$0
	<hr/>
Total Operating Cash Receipts	-
Operating Cash Disbursements	
Other	-
	<hr/>
Total Operating Cash Disbursements	-
	<hr/>
Operating Income (Loss)	-
Fund Cash Balances, January 1	\$402
	<hr/>
Fund Cash Balances, December 31	\$402
	<hr/> <hr/>

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

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Harbor-Topky Memorial Library (the Library), Ashtabula 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 Ashtabula Area City School Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources and programs.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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.

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:

Technology Fund – This fund accounts for the maintenance and upgrade of computer technology used at the Library

Topky Expendable Trust Fund – This fund accounts for the purchase of materials, supplies, books, etc. as needed for Youth Services at the Library.

Memorial Expendable Trust Fund – This fund accounts for the purchase of materials, supplies, books, etc. as needed for Memorials at the Library.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Library had the following significant Debt Service Funds:

Debt Service Fund – This fund receives public library funds to retire the building renovation note.

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:

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Capital Projects Fund – This fund accounts for capital improvements and repairs and renovations to the Library.

Private-Purpose Trust Funds Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

Private-Purpose Trust - The Library's private purpose Simmons Trust Fund is for the benefit of students attending Ashtabula City High Schools and Sts. John and Paul High School.

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, function, 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.

Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

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

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Fund Balance

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

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

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

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*. 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 Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$611,095	\$604,660	(\$6,435)
Special Revenue	16,095	2,397	(13,698)
Debt Service	15,000	14,506	(494)
Capital Projects	22,005	21,002	(1,003)
Private Purpose Trust	1	0	(1)
Total	\$664,196	\$642,565	(\$21,631)

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$659,750	\$550,721	\$109,029
Special Revenue	23,800	4,260	19,540
Debt Service	22,277	22,277	0
Capital Projects	24,000	21,200	2,800
Total	\$729,827	\$598,458	\$131,369

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$19,252
Certificates of deposit	10,067
Total deposits	29,319
Money Market	108,248
Total investments	108,248
Total deposits and investments	\$137,567

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or; collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

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

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31.

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

The second half payment is due the following June 20.

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

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

Note 6 - Risk Management

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).

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

The Library's 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2017.

Note 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 Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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**HARBOR-TOPKEY MEMORIAL PUBLIC LIBRARY
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$214,863	\$0	\$0	\$0	\$214,863
Public Library	337,349				\$337,349
Intergovernmental	40,831				40,831
Patron Fines and Fees	8,833				8,833
Contributions, Gifts and Donations	6,237	1,559			7,796
Earnings on Investments	76	32	8	2	118
Miscellaneous	1,675				1,675
<i>Total Cash Receipts</i>	<u>609,864</u>	<u>1,591</u>	<u>8</u>	<u>2</u>	<u>611,465</u>
Cash Disbursements					
Current:					
Library Services:	509,979	5,884			515,863
Capital Outlay		22			22
Debt Service:					
Principal Retirement			130,677		130,677
Interest and Fiscal Charges			3,800		3,800
<i>Total Cash Disbursements</i>	<u>509,979</u>	<u>5,906</u>	<u>134,477</u>	<u>0</u>	<u>650,362</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>99,885</u>	<u>(4,315)</u>	<u>(134,469)</u>	<u>2</u>	<u>(38,897)</u>
Other Financing Receipts (Disbursements)					
Transfers In		5,000	134,476		139,476
Transfers Out	(139,476)				(139,476)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(139,476)</u>	<u>5,000</u>	<u>134,476</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(39,591)</u>	<u>685</u>	<u>7</u>	<u>2</u>	<u>(38,897)</u>
<i>Fund Cash Balances, January 1</i>	<u>97,845</u>	<u>24,210</u>	<u>7,764</u>	<u>2,136</u>	<u>131,955</u>
Fund Cash Balances, December 31					
Restricted		22,459			22,459
Committed		2,436	7,771	2,138	12,345
Assigned	5,660				5,660
Unassigned (Deficit)	52,594				52,594
<i>Fund Cash Balances, December 31</i>	<u>\$58,254</u>	<u>\$24,895</u>	<u>\$7,771</u>	<u>\$2,138</u>	<u>\$93,058</u>

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

HARBOR-TOPKEY MEMORIAL PUBLIC LIBRARY
ASHTABULA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Fiduciary Fund Type <u>Private Purpose Trust</u>
Operating Cash Receipts	
Earnings on Investments (trust funds only)	<u>\$1</u>
Total Operating Cash Receipts	1
Operating Cash Disbursements	
Other	<u>-</u>
Total Operating Cash Disbursements	<u>-</u>
Net Change in Fund Cash Balances	1
Fund Cash Balances, January 1	<u>\$401</u>
Fund Cash Balances, December 31	<u><u>\$402</u></u>

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

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Harbor-Topky Memorial Library (the Library), Ashtabula 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 Ashtabula Area City School Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources and programs.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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.

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:

Technology Grant Fund – This fund accounts for the maintenance and upgrade of computer technology used at the Library

Topky Expendable Trust Fund – This fund accounts for the purchase of materials, supplies, books, etc. as needed for Youth Services at the Library.

Memorial Expendable Trust Fund – This fund accounts for the purchase of materials, supplies, books, etc. as needed for Memorials at the Library.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Library had the following significant Debt Service Funds

Debt Service Fund – This fund receives public library funds to retire the building renovation note.

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:

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Capital Projects Fund – This fund accounts for capital improvements and repairs and renovations to the Library.

Private-Purpose Trust Funds

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

The Library's private purpose Simmons Trust Fund is for the benefit of students attending Ashtabula City High Schools and Sts. John and Paul High School.

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, function, 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.

Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

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

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Fund Balance

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

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

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

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*. 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 Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$635,840	\$609,864	(\$25,976)
Special Revenue	16,115	6,591	(9,524)
Debt Service	134,535	134,484	(51)
Capital Projects	10	2	(8)
Private Purpose Trust	1	1	0
Total	\$786,501	\$750,942	(\$35,559)

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$723,700	\$649,455	\$74,245
Special Revenue	23,800	5,906	17,894
Debt Service	134,500	134,477	23
Total	\$882,000	\$789,838	\$92,162

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$5,273
Certificates of deposit	10,029
Total deposits	15,302
Money Market	78,158
Total investments	78,158
Total deposits and investments	\$93,460

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments

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

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.

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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 Other Governments' Grants in Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 - Risk Management

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.

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

The Library's 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2016.

Note 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Harbor-Topky Memorial Library
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Library Fund Library Facilities Notes	\$22,158	4.125%
Total	\$22,158	

Notes were issued from Andover Bank for the purpose of renovating and enlarging the library building in 1998 with an interest rate of 6.25%. In 2002, the Library refinanced the notes (Series 2002) for \$1,139,487.94 at an interest rate of 5.75%. Semi-annual payments were scheduled through May 2024. On May 5, 2011 the Library refinanced the Series 2002 notes for \$713,681 at an interest rate of 4.125%. Monthly payments are scheduled for Series 2011 notes through May 2020. The Note is collateralized by the Library and Local Government Support Funds provided by the State of Ohio.

Amortization

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

	Library Facilities Notes 2011
Year ending December 31: 2017	\$22,277
Total	\$22,277

The Board has elected to adopt an accelerated payment schedule by paying \$39,092 in addition to the scheduled amounts annually. The Board projects that the debt will be retired in February 2017 using the accelerated payment schedule.



Dave Yost • Auditor of State

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

Harbor-Topky Memorial Library
Ashtabula County
1633 Walnut Boulevard
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the cash balances, receipts, and disbursements by fund type of the Harbor-Topky Memorial Library, Ashtabula 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 December 12, 2018 wherein we noted the 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

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2018



Dave Yost • Auditor of State

HARBOR TOPKY MEMORIAL LIBRARY

ASHTABULA 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
DECEMBER 27, 2018