



Certified Public Accountants, A.C.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
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1310 Market St.,
Suite 300
Wheeling, WV 26003
304.232.1358

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

www.perrycpas.com



Dave Yost • Auditor of State

Board of Trustees
Leetonia Community Public Library
181 Walnut St
Leetonia, OH 44431

We have reviewed the *Independent Auditor's Report* of the Leetonia Community Public Library, Columbiana County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Leetonia Community 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

August 21, 2018

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LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 15, 2017

Leetonia Community Public Library
Columbiana County
181 Walnut Street
Leetonia, Ohio 44431

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 **Leetonia Community Public Library**, Columbiana County, (the District) 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 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.

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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, or 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 Leetonia Community Public Library, Columbiana 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 June 15, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



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

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|--|-------------------|-------------------------|-----------------------------|-------------------|
| Cash Receipts | | | | |
| Public Library | \$ 230,864 | \$ 52,610 | \$ - | \$ 283,474 |
| Patron Fines and Fees | 11,409 | - | - | 11,409 |
| Contributions, Gifts and Donations | 973 | - | - | 973 |
| Earnings on Investments | 245 | - | - | 245 |
| <i>Total Cash Receipts</i> | <u>243,491</u> | <u>52,610</u> | <u>-</u> | <u>296,101</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Library Services | 228,657 | - | - | 228,657 |
| Debt Service | | | | |
| Principal Retirement | - | 24,900 | - | 24,900 |
| Interest and Fiscal Charges | - | 27,719 | - | 27,719 |
| <i>Total Cash Disbursements</i> | <u>228,657</u> | <u>52,619</u> | <u>-</u> | <u>228,657</u> |
| <i>Excess of Receipts Over (Under) (Disbursements)</i> | <u>14,834</u> | <u>(9)</u> | <u>-</u> | <u>67,444</u> |
| Other Financing Receipts | | | | |
| Transfers In | - | 5,268 | - | 5,268 |
| Transfers Out | (5,268) | - | - | (5,268) |
| <i>Total Other Financing Receipts</i> | <u>(5,268)</u> | <u>5,268</u> | <u>-</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 9,566 | 5,259 | - | 67,444 |
| <i>Fund Cash Balances, January 1</i> | <u>247,363</u> | <u>51,371</u> | <u>20,970</u> | <u>319,704</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 56,630 | - | 56,630 |
| Committed | - | - | 20,970 | 20,970 |
| Unassigned | 256,929 | - | - | 256,929 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 256,929</u> | <u>\$ 56,630</u> | <u>\$ 20,970</u> | <u>\$ 334,529</u> |

See accompanying notes to the financial statements.

Leetonia Community Public Library
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Leetonia Community Library (the Library), Columbiana 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 Leetonia Exempted Village School District 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.

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 which is 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.

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

Library Facilities Note Retirement Fund – The fund is required to pay the note for facilities with the United States Department of Agriculture.

Capital Project Funds These funds account for receipts restricted to acquiring or constructing major capital projects. The Library did not use this fund for the audit period.

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. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2017 budgetary activity appears in Note 3.

Leetonia Community Public Library
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies – (Continued)

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. Investment 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. 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.

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.

Leetonia Community Public Library
 Columbiana County
 Notes to the Financial Statements
 For the Year Ended December 31, 2017

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 | \$ 239,893 | \$ 243,491 | \$ 3,598 |
| Debt Service | 57,873 | 57,878 | 5 |
| Total | \$ 297,766 | \$ 301,369 | \$ 3,603 |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 256,818 | \$ 233,925 | \$ 22,893 |
| Debt Service | 52,620 | 52,619 | \$ 1 |
| Total | \$ 309,438 | \$ 286,544 | \$ 22,894 |

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 | \$ 94,324 |
| Money Market | 236,957 |
| Total Deposits | 331,281 |
| STAR Ohio | 3,248 |
| Total Investments | 3,248 |
| Total Deposits and Investments | \$ 334,529 |

Deposits

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

Investments

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

Leetonia Community Public Library
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

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

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, 2017.

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-------------------------|--------------------|--------------------|----------------------|
| <i>OPERS – Local</i> | <i>2012 – 2017</i> | <i>10%</i> | <i>14%</i> |

Leetonia Community Public Library
 Columbiana County
 Notes to the Financial Statements
 For the Year Ended 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 1.0 percent during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

| | Principal | Interest Rate |
|-------------------------------|------------|---------------|
| Library Fund Facilities Notes | \$ 627,300 | 4.25% |
| Total | \$ 627,300 | |

The Library issued notes to finance the construction of the building.

In association with the above notes, 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 \$13,169.

Amortization

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

| Year Ending | Library Facilities Notes |
|-------------|--------------------------------|
| December: | |
| 2018 | \$ 52,560 |
| 2019 | 52,560 |
| 2020 | 52,512 |
| 2021 | 52,618 |
| 2022 | 52,568 |
| 2023-2027 | 262,891 |
| 2028-2032 | 262,815 |
| 2033-2034 | 105,141 |
| Total | \$ 893,665 |

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|--|-------------------|-------------------------|-----------------------------|-------------------|
| Cash Receipts | | | | |
| Public Library | \$ 238,494 | \$ 52,575 | \$ - | \$ 291,069 |
| Patron Fines and Fees | 12,405 | - | - | 12,405 |
| Contributions, Gifts and Donations | 1,201 | - | - | 1,201 |
| Earnings on Investments | 224 | - | - | 224 |
| <i>Total Cash Receipts</i> | <u>252,324</u> | <u>52,575</u> | <u>-</u> | <u>304,899</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Library Services | 222,203 | - | - | 222,203 |
| Debt Service | | | | |
| Principal Retirement | - | 23,800 | - | 23,800 |
| Interest and Fiscal Charges | - | 28,730 | - | 28,730 |
| <i>Total Cash Disbursements</i> | <u>222,203</u> | <u>52,530</u> | <u>-</u> | <u>222,203</u> |
| <i>Excess of Receipts Over (Under) (Disbursements)</i> | <u>30,121</u> | <u>45</u> | <u>-</u> | <u>82,696</u> |
| Other Financing Receipts | | | | |
| Transfers In | - | 5,268 | - | 5,268 |
| Transfers Out | (5,268) | - | - | (5,268) |
| <i>Total Other Financing Receipts</i> | <u>(5,268)</u> | <u>5,268</u> | <u>-</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 24,853 | 5,313 | - | 82,696 |
| <i>Fund Cash Balances, January 1</i> | <u>222,510</u> | <u>46,058</u> | <u>20,970</u> | <u>289,538</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 51,371 | - | 51,371 |
| Committed | - | - | 20,970 | 20,970 |
| Unassigned | 247,363 | - | - | 247,363 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 247,363</u> | <u>\$ 51,371</u> | <u>\$ 20,970</u> | <u>\$ 319,704</u> |

See accompanying notes to the financial statements.

Leetonia Community Public Library
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Leetonia Community Library (the Library), Columbiana 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 Leetonia Exempted Village School District Board of Education appoint a seven member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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 which is 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.

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

Library Facilities Note Retirement Fund – The fund is required to pay the note for facilities with the United States Department of Agriculture.

Capital Project Funds These funds account for receipts restricted to acquiring or constructing major capital projects. The Library did not use this fund for the audit period.

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. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2016 budgetary activity appears in Note 3.

Leetonia Community Public Library
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

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. Investment 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. 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.

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.

Leetonia Community Public Library
 Columbiana County
 Notes to the Financial Statements
 For the Year Ended December 31, 2016

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 | \$ 255,894 | \$ 252,324 | \$ 3,570 |
| Debt Service | 52,560 | 57,843 | \$ (5,283) |
| Total | \$ 308,454 | \$ 304,899 | \$ 3,555 |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 257,818 | \$ 227,471 | \$ 30,347 |
| Debt Service | 52,530 | 52,530 | - |
| Total | \$ 310,348 | \$ 286,544 | \$ 23,804 |

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 | \$ 79,722 |
| Money Market | 236,768 |
| Total Deposits | 316,490 |
| STAR Ohio | 3,214 |
| Total Investments | 3,214 |
| Total Deposits and Investments | \$ 319,704 |

Deposits

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

Investments

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

Leetonia Community Public Library
 Columbiana County
 Notes to the Financial Statements
 For the Year Ended December 31, 2016

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.

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

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.

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-------------------------|--------------------|--------------------|----------------------|
| <i>OPERS – Local</i> | <i>2012 – 2017</i> | <i>10%</i> | <i>14%</i> |

Leetonia Community Public Library
 Columbiana County
 Notes to the Financial Statements
 For the Year Ended 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. 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.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

| | Principal | Interest Rate |
|-------------------------------|------------|---------------|
| Library Fund Facilities Notes | \$ 652,200 | 4.25% |
| Total | \$ 652,200 | |

The Library issued general obligation notes to finance the construction of the building.

In association with the above notes, 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, 2016 is \$13,178.

Amortization

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

| Year Ending | Library Facilities Notes |
|-------------|--------------------------------|
| December: | |
| 2017 | \$ 52,619 |
| 2018 | 52,560 |
| 2019 | 52,560 |
| 2020 | 52,512 |
| 2021 | 52,618 |
| 2022-2026 | 262,871 |
| 2027-2031 | 262,832 |
| 2032-2034 | 157,712 |
| Total | \$ 946,284 |

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

June 15, 2018

Leetonia Community Public Library
Columbiana County
181 Walnut Street
Leetonia, Ohio 44431

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 **Leetonia Community Public Library**, Columbiana 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 June 15, 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 opinion 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.

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Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 instance of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 15, 2018.

Purpose of this Report

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



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



Dave Yost • Auditor of State

LEETONIA COMMUNITY PUBLIC LIBRARY

COLUMBIANA 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
SEPTEMBER, 4 2018