



Dave Yost • Auditor of State

**NORMAL MEMORIAL PUBLIC LIBRARY
FULTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – General Fund – For the Year Ended December 31, 2017	3
Notes to the Financial Statement – For the Year Ended December 31, 2017	4
Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – General Fund – For the Year Ended December 31, 2016	9
Notes to the Financial Statement – For the Year Ended December 31, 2016	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Normal Memorial Public Library
Fulton County
301 North Eagle Street
Fayette, Ohio 43521-0100

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of Normal Memorial Public Library, Fulton 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

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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, and related notes of Normal Memorial Public Library, Fulton County, Ohio, 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 September 28, 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

September 28, 2018

Normal Memorial Public Library
Fulton County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2017

Cash Receipts	
Property and Other Local Taxes	\$26,661
Public Library	121,002
Intergovernmental	3,328
Patron Fines and Fees	2,210
Services Provided to Other Entities	18,000
Contributions, Gifts and Donations	532
Earnings on Investments	64
Miscellaneous	1,389
	<u>173,186</u>
<i>Total Cash Receipts</i>	
Cash Disbursements	
Current:	
Library Services:	145,439
Public Services and Programs	17,676
Capital Outlay	5,626
	<u>168,741</u>
<i>Total Cash Disbursements</i>	
<i>Excess of Receipts Over Disbursements</i>	
	<u>4,445</u>
Other Financing Receipts	
Sale of Capital Assets	535
	<u>535</u>
<i>Net Change in Fund Cash Balance</i>	
	4,980
<i>Fund Cash Balance, January 1</i>	
	<u>117,000</u>
Fund Cash Balance, December 31	
Assigned	43,273
Unassigned	78,707
	<u>121,980</u>
<i>Fund Cash Balance, December 31</i>	
	<u>\$121,980</u>

See accompanying notes to the basic financial statement

Normal Memorial Public Library
Fulton County, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Normal Memorial Public Library (the Library), Fulton 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. Fayette Local 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.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 6 to the financial statement provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the General Fund.

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 fund of the Library is presented below:

General Fund The general fund accounts for and reports all financial resources. 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.

Basis of Accounting

This financial statement 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).

This statement 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.

Normal Memorial Public Library
Fulton County, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

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.

Capital Assets

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does 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.

Normal Memorial Public Library
Fulton County, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

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 December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$171,986	\$173,721	\$1,735

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$207,394	\$168,741	\$38,653

Note 4 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	\$121,980

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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.

Normal Memorial Public Library
Fulton County, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2017
(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 Intergovernmental. 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 (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. 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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.

Normal Memorial Public Library
Fulton County, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2017
(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(\$9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Library employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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 1.0 percent during calendar year 2017.

Normal Memorial Public Library
Fulton County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2016

Cash Receipts	
Property and Other Local Taxes	\$27,129
Public Library	120,539
Intergovernmental	6,657
Patron Fines and Fees	2,500
Services Provided to Other Entities	6,812
Contributions, Gifts and Donations	6,850
Earnings on Investments	43
Miscellaneous	105
	<u>170,635</u>
<i>Total Cash Receipts</i>	
Cash Disbursements	
Current:	
Library Services:	143,846
Public Services and Programs	12,320
Capital Outlay	20,067
	<u>176,233</u>
<i>Total Cash Disbursements</i>	
<i>Excess of Disbursements over Receipts</i>	
	<u>(5,598)</u>
Other Financing Receipts	
Sale of Capital Assets	573
	<u>573</u>
<i>Net Change in Fund Cash Balance</i>	
	(5,025)
<i>Fund Cash Balance, January 1</i>	
	<u>122,025</u>
Fund Cash Balance, December 31	
Assigned	35,408
Unassigned	81,592
	<u>117,000</u>
<i>Fund Cash Balance, December 31</i>	
	<u>\$117,000</u>

See accompanying notes to the basic financial statement

Normal Memorial Public Library
Fulton County, Ohio
Notes to the Financial Statement
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Normal Memorial Public Library (the Library), Fulton 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. Fayette Local 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.

Public Entity Risk Pool

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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Basis of Accounting

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This statement 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.

Normal Memorial Public Library
Fulton County
Notes to the Financial Statement
For the Year Ended December 31, 2016
(Continued)

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.

Capital Assets

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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.

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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.

Normal Memorial Public Library
Fulton County
Notes to the Financial Statement
For the Year Ended December 31, 2016
(Continued)

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 December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,446	\$171,208	\$7,762

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,324	\$176,233	\$32,091

Note 4 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	\$117,000

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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.

Normal Memorial Public Library
Fulton County
Notes to the Financial Statement
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 Intergovernmental. 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.

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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

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Risk Pool Membership

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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.

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.

Normal Memorial Public Library
Fulton County
Notes to the Financial Statement
For the Year Ended December 31, 2016
(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

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

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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



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

Normal Memorial Public Library
Fulton County
301 North Eagle Street
Fayette, Ohio 43521-0100

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 of Normal Memorial Public Library, Fulton County, Ohio, (the Library) as of and for the years ended December 31, 2017 and December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 28, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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 style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 28, 2018

**NORMAL MEMORIAL PUBLIC LIBRARY
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Financial Reporting - Material Weakness

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

Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod 1800.176 requires an assignment of fund balance within the General fund when appropriations adopted for the subsequent year exceed the estimated revenues for that year.

2017 General fund appropriations of \$207,394 were greater than estimated receipts of \$171,986; leaving \$35,408 that should have been reported as assigned fund balance at December 31, 2016. 2018 General Fund appropriations of \$213,273 were greater than estimated receipts of \$170,000 leaving \$43,273 that should have been reported as assigned fund balance at December 31, 2017.

These errors were not identified and corrected prior to the Library preparing its financial statements due to deficiencies in the Library's internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to reflect this change.

To help ensure the Library's financial statements and notes to the statements are complete and accurate, the Library should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54:

<http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

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Dave Yost • Auditor of State

NORMAL MEMORIAL PUBLIC LIBRARY

FULTON 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
OCTOBER 18, 2018**