



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

LICKING COUNTY LIBRARY
LICKING COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015



Dave Yost • Auditor of State

Board of Trustees
Licking County Library
101 West Main Street
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking County Library, Licking County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Licking County 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

July 5, 2017

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Licking County Library
Licking County, Ohio
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For the Fiscal Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Licking County Library
Licking County
101 West Main Street
Newark, Ohio 43055

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Licking County Library, Licking County, Ohio (the Library), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Government'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 Government'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Licking County Library, Licking County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position¹ and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements. Management's Discussion & Analysis includes tables of net position, changes in net position, and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-10 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2017, on our consideration of the Government'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 Government's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Columbus, Ohio
May 13, 2017

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

The discussion and analysis of the Licking County Library's (the Library) financial performance provides an overview of the Library's financial activities for the year ended December 31, 2015, within the limitations of the Library's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole.

Highlights

Key financial highlights for 2016 are as follows:

- Public Library Fund (PLF) accounted for \$2,671,206 or 49 percent, of all receipts. Property tax revenue plus homestead / rollback taxes accounted for \$2,450,184 or 45 percent, of all receipts.
- The Board approved \$1,300,000 to be transferred to the Building & Repair Fund to be used to execute the developing Master Facility Plan for the library system.
- The Library received \$134,884 in operating grants and contributions primarily for the purchase of the automated twenty-four hour Library-in-a-Box installed on the COTC - Pataskala campus in September 2016.

Key financial highlights for 2015 are as follows:

- Public Library Fund (PLF) accounted for \$2,672,356 or 51 percent, of all receipts. Property tax revenue plus homestead / rollback taxes accounted for \$2,402,756 or 46 percent, of all receipts.
- The Board approved \$750,000 to be transferred to the Building & Repair Fund to be used to execute the developing Master Facility Plan for the library system.
- State legislation in July 2015 temporarily increased the PLF to be 1.7% of the State of Ohio's General Tax Revenue versus the 1.66% established in the 2015 State Biennial Budget. This increase was effective the last six months of 2015.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Library's financial position. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis provides information about the activities of the Library as a whole, presenting an aggregate view of the Library's finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. Governmental financial statements report the Library's most significant funds individually and the Library's non-major funds in a single column. The Library's major funds in 2015 are the General Fund and Building and Repair Fund.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements.

Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis reflect how the Library did financially during 2015. These two statements report the Library's net position and changes in those assets. The change in net position is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Library presents a single type of activity, governmental activities. All of the Library's programs and services are reported here, including general public services, purchases and contracted services, library materials and information, and capital outlay. These services are primarily funded by intergovernmental and public library fund receipts.

Reporting the Library's Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the Library's major funds, the General Fund and Building & Repair Fund. While the Library uses multiple funds to account for its financial transactions, these are the most significant.

The Library's activities are reported in the fund financial statements, which focus on how the money flows into and out of the funds as well as balances available for spending in future periods. The funds are reported on a cash basis of accounting. The fund financial statements provide a short-term view of the Library's general government operations and the basic services being provided. Fund financial statements help the user to determine whether there are more or fewer financial resources that can be spent in the future to finance library programs.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2015 compared to 2014.

Table 1
Net Position - Cash Basis

	Governmental Activities		
	2016	2015	2014
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,455,995	\$ 3,703,100	\$ 2,816,119
Cash & Cash Equivalents with Escrow Agent	\$ -	\$ -	\$ -
Total Assets	\$ 4,455,995	\$ 3,703,100	\$ 2,816,119
Net Assets			
Restricted for:			
Capital Projects	\$ 2,296	\$ 1,638	\$ -
Permanent Fund Purpose			
Expendable	0	0	564
Nonexpendable	69,266	69,266	69,266
Other Purposes	0	0	0
Unrestricted	4,384,433	3,632,196	2,746,289
Total Net Position	\$ 4,455,995	\$ 3,703,100	\$ 2,816,119

Net position of governmental activities increased by \$752,895 or 20 percent during 2016 compared to 2015. The increase can be attributed to the Board of Trustees planning for the expenditures of the Master Facility Plan to be executed over the next few years.

Net position of governmental activities increased by \$886,981 or 31 percent during 2015 compared to 2014. The increase can be attributed to the Board of Trustees planning for the expenditures of the Master Facility Plan to be executed over the next few years.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

Table 2 shows the changes in net position for the years ended December 31, 2016, December 31, 2015 and December 31, 2014.

Table 2
Changes in Position - Cash Basis

	Governmental Activities		
	2016	2015	2014
Receipts:			
Program Cash Receipts			
Charges for Services and Sales	\$ 102,383	\$ 106,464	\$ 107,812
Operating Grants and Contributions	134,884	10,829	6,416
Total Program Cash Receipts	237,267	117,293	114,228
General Receipts			
Public Library Fund	2,671,206	2,672,356	2,394,271
Property and Other Local Taxes	2,169,688	2,124,086	2,101,498
Intergovernmental	280,496	278,670	282,363
Interest	20,860	11,489	3,548
Miscellaneous Receipts	45,695	67,280	50,082
Total General Receipts	5,187,945	5,153,881	4,831,762
Total Receipts	\$ 5,425,212	\$ 5,271,174	\$ 4,945,990
Disbursements:			
Library Services:			
Public Service and Programs	\$ 2,013,262	\$ 1,971,044	1,953,306
Collection Development and Processing	981,230	924,968	947,271
Support Services:			
Facilities Operation and Maintenance	478,780	562,913	447,732
Information Services	110,660	104,872	50,056
Business Administration	771,497	717,289	645,765
Capital Outlay	316,888	103,107	194,420
Total Disbursements	\$ 4,672,316	\$ 4,384,193	\$ 4,238,551
Increase (Decrease) in Net Position	\$ 752,896	\$ 886,981	\$ 707,439
Net Position, January 1	3,703,100	2,816,119	2,108,680
Net Position, December 31	\$ 4,455,996	\$ 3,703,100	\$ 2,816,119

Program receipts are primarily comprised of patron fines and fees, operating grants, contributions and donations.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

General receipts represented 96 percent and 98 percent of the Library's overall receipts in 2016 and 2015 respectively. The increase in the PLF receipts in 2015 was partially attributed to the PLF percentage increasing by .04% for the last six months of 2015. The consistent funding receipts enabled the Library to maintain its public services and collection development.

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, information services and business administration represent the cost of operating the Library. Total disbursements increased 7 percent in 2016 compared to 2015 driven by the purchase of the automated twenty-four-hour Library-in-a-Box installed on the COTC – Pataskala campus. Total disbursements increased 3 percent in 2015 compared to 2014 driven by exterior building repairs to the Main Library and architectural services for the Master Facility Plan.

Governmental Activities

On the Statement of Activities, the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, and Capital Outlay. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of those services supported by unrestricted general receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

Governmental Activities - Cash Basis

	Total Cost of Services 2016	Net Cost of Services 2016
Library Services		
Public Service and Program	\$ 2,013,262	\$1,775,995
Collection Development and Processing	981,230	981,230
Support Services		
Facilities Operation and Maintenance	478,780	478,780
Information Services	110,660	110,660
Business Administration	771,497	771,497
Capital Outlay	316,888	316,888
Total Disbursements	\$ 4,672,316	\$ 4,435,050

	Total Cost of Services 2015	Net Cost of Services 2015
Library Services		
Public Service and Program	\$ 1,971,044	\$1,853,751
Collection Development and Processing	924,968	924,968
Support Services		
Facilities Operation and Maintenance	562,913	562,913
Information Services	104,872	104,872
Business Administration	717,289	717,289
Capital Outlay	103,107	103,107
Total Disbursements	\$ 4,384,193	\$ 4,266,900

	Total Cost of Services 2014	Net Cost of Services 2014
Library Services		
Public Service and Program	\$ 1,953,307	\$1,839,079
Collection Development and Processing	947,271	947,271
Support Services		
Facilities Operation and Maintenance	447,732	447,732
Information Services	50,056	50,056
Business Administration	645,765	645,765
Capital Outlay	194,420	194,420
Total Disbursements	\$ 4,238,551	\$4,124,323

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

The Library's Funds

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds are the General Fund and the Building and Repair Fund. During 2016, the General Fund balance decreased by \$261,034 and the Building & Repair Fund balance increased \$1,013,266. The decrease in the General Fund balance and corresponding increase in the Building & Repair Fund can be attributed to preparing for the funding needed for repairs, renovations, and development of facilities in future years per the Master Facilities Plan.

During 2015, the General Fund balance increased by \$352,767 and the Building & Repair Fund balance increased \$533,139. The increase in the General Fund balance and corresponding increase in the Building & Repair Fund can be attributed to preparing for the funding needed for repairs, renovations, and development of facilities in future years per the Master Facilities Plan.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances. The Library's most significant budgeted fund is the General Fund.

During the course of both 2016 and 2015, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

Capital Assets and Debt Administration

Capital Assets

The Library does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Library had capital outlay disbursements of \$316,888 and \$103,107 during 2016 and 2015, respectively.

Debt Administration

The Library had no outstanding debt at December 31, 2016 or 2015.

Economic Factors

Funding from the State of Ohio for the Public Library Fund changed in July 2015 from 1.66% of the State's General Fund Revenue to 1.70%. The change caused a small increase in the PLF received in 2015 compared to 2014. The potential growth of the PLF due to the increased percentage of the State's General Fund Revenue was offset by the decrease in the State's General Fund Revenue; therefore, the amount received from the PLF was consistent between 2016 and 2015.

The economy and property values in the Licking County Library district has remained stable the past couple of years causing property tax levy receipts to be consistent.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016 and 2015

Current Issues

The challenge for all Libraries is to provide quality services to the public while the future of the PLF, which is heavily relied on for funding, is uncertain. In addition, the Board of Trustees is cognizant that the renewal of the 1 mill property levy does not generate any new revenue; therefore, it wants to insure the property tax revenue is spent wisely to provide quality services for numerous years before potentially needing to ask the voters for the passage of an additional levy.

Request for Information

This financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives to all those interested in the Library's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Sandra Lodge, Fiscal Officer, 101 West Main Street, Newark, Ohio 43055.

Licking County Library
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,455,995
<i>Total Assets</i>	<i>\$ 4,455,995</i>
 Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 2,296
Nonexpendable	69,266
Unrestricted	4,384,433
<i>Total Net Position</i>	<i>\$ 4,455,995</i>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$ 2,013,262	\$ 102,383	\$ 134,884	\$ (1,775,995)
Collection Development and Processing	981,230	-	-	\$ (981,230)
Support Services:				
Facilities Operation and Maintenance	478,780	-	-	\$ (478,780)
Information Services	110,660	-	-	\$ (110,660)
Business Administration	771,497	-	-	\$ (771,497)
Capital Outlay	316,888	-	-	\$ (316,888)
<i>Total Governmental Activities</i>	\$ 4,672,317	\$ 102,383	\$ 134,884	(4,435,050)
General Receipts:				
				2,169,688
				2,671,206
				280,496
				20,860
				45,695
				<i>Total General Receipts</i> 5,187,945
				752,895
				<i>Net Position Beginning of Year</i> 3,703,100
				<i>Net Position End of Year</i> \$ 4,455,995

See accompanying notes to the basic financial statements

Licking County Library
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Building and Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,518,397	\$ 2,866,036	\$ 71,562	\$ 4,455,995
<i>Total Assets</i>	<u>\$ 1,518,397</u>	<u>\$ 2,866,036</u>	<u>\$ 71,562</u>	<u>\$ 4,455,995</u>
Fund Balances				
Nonspendable	\$ -	\$ -	\$ 69,266	\$ 69,266
Restricted	-	-	2,296	2,296
Assigned	298,509	2,866,036	-	3,164,545
Unassigned (Deficit)	<u>1,219,888</u>	<u>-</u>	<u>-</u>	<u>1,219,888</u>
<i>Total Fund Balances</i>	<u>\$ 1,518,397</u>	<u>\$ 2,866,036</u>	<u>\$ 71,562</u>	<u>\$ 4,455,995</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 2,169,688	\$ -	\$ -	\$ 2,169,688
Public Library Fund	2,671,206	-	-	2,671,206
Intergovernmental	280,496	-	-	280,496
Patron Fines and Fees	99,580	-	-	99,580
Services Provided to Other Entities	2,803	-	-	2,803
Contributions, Gifts and Donations	134,884	-	-	134,884
Earnings on Investments	10,092	9,684	1,084	20,860
Miscellaneous	45,695	-	-	45,695
<i>Total Receipts</i>	<u>5,414,444</u>	<u>9,684</u>	<u>1,084</u>	<u>5,425,212</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	2,013,262	-	-	2,013,262
Collection Development and Processing	981,230	-	-	981,230
Support Services:				
Facilities Operation and Maintenance	478,780	-	-	478,780
Information Services	110,660	-	-	110,660
Business Administration	632,134	139,363	-	771,497
Capital Outlay	159,837	157,051	-	316,888
<i>Total Disbursements</i>	<u>4,375,903</u>	<u>296,414</u>	<u>-</u>	<u>4,672,317</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,038,540</u>	<u>(286,730)</u>	<u>1,084</u>	<u>752,895</u>
Other Financing Sources (Uses)				
Transfers In	426	1,300,000	-	1,300,426
Transfers Out	(1,300,000)	-	(426)	(1,300,426)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,299,574)</u>	<u>1,300,000</u>	<u>(426)</u>	<u>(0)</u>
<i>Net Change in Fund Balances</i>	(261,034)	1,013,270	658	752,895
<i>Fund Balances Beginning of Year</i>	<u>1,779,430</u>	<u>1,852,766</u>	<u>70,904</u>	<u>3,703,100</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,518,397</u>	<u>\$ 2,866,036</u>	<u>\$ 71,562</u>	<u>\$ 4,455,995</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 2,122,595	\$ 2,169,497	\$ 2,169,688	\$ 191
Public Library	2,544,812	2,693,991	2,671,203	(22,788)
Intergovernmental	282,363	280,496	280,496	0
Patron Fines and Fees	108,565	105,462	99,580	(5,882)
Services Provided to Other Entities	4,309	2,067	2,803	736
Contributions, Gifts and Donations	211,750	129,780	134,884	5,104
Earnings on Investments	4,889	10,000	10,092	92
Miscellaneous	44,463	43,400	45,697	2,297
<i>Total Receipts</i>	<u>5,323,745</u>	<u>5,434,694</u>	<u>5,414,443</u>	<u>(20,250)</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	2,100,448	2,132,167	2,013,262	118,905
Collection Development and Processing	989,863	1,068,134	981,230	86,904
Support Services:				
Facilities Operation and Maintenance	542,774	553,112	478,780	74,332
Information Services	127,030	129,410	110,660	18,750
Business Administration	687,748	719,299	632,134	87,165
Capital Outlay	169,502	192,230	159,837	32,393
<i>Total Disbursements</i>	<u>4,617,365</u>	<u>4,794,351</u>	<u>4,375,903</u>	<u>418,448</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>706,379</u>	<u>640,342</u>	<u>1,038,540</u>	<u>398,198</u>
Other Financing Sources (Uses)				
Transfers In	1,000	426	426	(0)
Transfers Out	(750,000)	(1,300,000)	(1,300,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(749,000)</u>	<u>(1,299,574)</u>	<u>(1,299,574)</u>	<u>(0)</u>
<i>Net Change in Fund Balance</i>	(42,621)	(659,231)	(261,034)	398,197
<i>Unencumbered Fund Balance Beginning of Year</i>	1,720,096	1,720,096	1,720,096	-
Prior Year Encumbrances Appropriated	59,334	59,334	59,334	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,736,810</u>	<u>\$ 1,120,198</u>	<u>\$ 1,518,396</u>	<u>\$ 398,197</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,703,100
<i>Total Assets</i>	<i>\$ 3,703,100</i>
 Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 1,638
Nonexpendable	69,266
Unrestricted	3,632,196
<i>Total Net Position</i>	<i>\$ 3,703,100</i>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$ 1,971,044	\$ 106,464	\$ 10,829	\$ (1,853,751)
Collection Development and Processing	924,968	-	-	(924,968)
Support Services:				
Facilities Operation and Maintenance	562,914	-	-	(562,914)
Information Services	104,872	-	-	(104,872)
Business Administration	717,289	-	-	(717,289)
Capital Outlay	103,107	-	-	(103,107)
<i>Total Governmental Activities</i>	<u>\$ 4,384,193</u>	<u>\$ 106,464</u>	<u>\$ 10,829</u>	<u>(4,266,900)</u>
General Receipts:				
				2,124,086
				2,672,356
				278,670
				11,489
				67,280
				<u>5,153,881</u>
				886,981
				<u>2,816,119</u>
				<u>\$3,703,100</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2015

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,779,430	\$ 1,852,766	\$ 70,904	\$ 3,703,100
<i>Total Assets</i>	<u>\$ 1,779,430</u>	<u>\$ 1,852,766</u>	<u>\$ 70,904</u>	<u>\$ 3,703,100</u>
Fund Balances				
Nonspendable	\$ -	\$ -	\$ 69,266	\$ 69,266
Restricted	-	-	1,638	1,638
Assigned	102,952	1,852,766	-	1,955,718
Unassigned (Deficit)	<u>1,676,478</u>	<u>-</u>	<u>-</u>	<u>1,676,478</u>
<i>Total Fund Balances</i>	<u>\$ 1,779,429</u>	<u>\$ 1,852,766</u>	<u>\$ 70,904</u>	<u>\$ 3,703,100</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 2,124,086	\$ -	\$ -	\$ 2,124,086
Public Library Fund	2,672,356	-	-	2,672,356
Intergovernmental	278,670	-	-	278,670
Patron Fines and Fees	104,418	-	-	104,418
Services Provided to Other Entities	2,046	-	-	2,046
Contributions, Gifts and Donations	10,829	-	-	10,829
Earnings on Investments	5,834	4,573	1,082	11,489
Miscellaneous	67,280	-	-	67,280
<i>Total Receipts</i>	<u>5,265,519</u>	<u>4,573</u>	<u>1,082</u>	<u>5,271,174</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	1,971,044	-	-	1,971,044
Collection Development and Processing	924,968	-	-	924,968
Support Services:				
Facilities Operation and Maintenance	469,810	93,103	-	562,914
Information Services	104,872	-	-	104,872
Business Administration	628,147	89,142	-	717,290
Capital Outlay	63,919	39,188	-	103,107
<i>Total Disbursements</i>	<u>4,162,760</u>	<u>221,433</u>	<u>-</u>	<u>4,384,194</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,102,759</u>	<u>(216,861)</u>	<u>1,082</u>	<u>886,980</u>
Other Financing Sources (Uses)				
Transfers In	8	750,000	-	750,008
Transfers Out	(750,000)	-	(8)	(750,008)
<i>Total Other Financing Sources (Uses)</i>	<u>(749,992)</u>	<u>750,000</u>	<u>(8)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	352,767	533,139	1,074	886,980
<i>Fund Balances Beginning of Year</i>	<u>1,426,663</u>	<u>1,319,626</u>	<u>69,830</u>	<u>2,816,119</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,779,430</u>	<u>\$ 1,852,766</u>	<u>\$ 70,904</u>	<u>\$ 3,703,100</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 2,101,717	\$ 2,101,633	\$ 2,124,086	\$ 22,453
Public Library	2,375,213	2,519,616	2,672,356	152,740
Intergovernmental	276,582	282,363	278,670	(3,693)
Patron Fines and Fees	106,408	104,580	104,418	(162)
Services Provided to Other Entities	3,500	4,309	2,046	(2,263)
Contributions, Gifts and Donations	4,740	5,700	10,829	5,129
Earnings on Investments	2,394	3,058	5,834	2,776
Miscellaneous	34,819	58,133	67,280	9,147
<i>Total Receipts</i>	<u>4,905,374</u>	<u>5,079,392</u>	<u>5,265,519</u>	<u>186,127</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	1,944,936	2,064,340	1,971,044	93,296
Collection Development and Processing	1,005,692	1,044,869	924,968	119,901
Support Services:				
Facilities Operation and Maintenance	490,854	511,904	469,810	42,094
Information Services	55,961	119,119	104,872	14,247
Business Administration	744,906	708,923	628,147	80,776
Capital Outlay	184,000	116,715	63,919	52,796
<i>Total Disbursements</i>	<u>4,426,349</u>	<u>4,565,871</u>	<u>4,162,760</u>	<u>403,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>479,026</u>	<u>513,521</u>	<u>1,102,759</u>	<u>589,238</u>
Other Financing Sources (Uses)				
Transfers In	25	25	8	(17)
Transfers Out	(750,000)	(750,000)	(750,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(749,975)</u>	<u>(749,975)</u>	<u>(749,992)</u>	<u>(17)</u>
<i>Net Change in Fund Balance</i>	(270,949)	(236,454)	352,767	589,221
<i>Unencumbered Fund Balance Beginning of Year</i>	1,373,576	1,373,576	1,373,576	-
Prior Year Encumbrances Appropriated	53,087	53,087	53,087	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,155,714</u>	<u>\$ 1,190,209</u>	<u>\$ 1,779,430</u>	<u>\$ 589,221</u>

See accompanying notes to the basic financial statements

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 1 – Description of the Library and Reporting Entity

The Licking County Library (the Library) was organized as a county district public library in August 2008 under the laws of the State of Ohio. Previously the Library was organized as a school district public library in 1908 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Licking County Commissioners and the Licking County Common Pleas Court. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of Licking County, although the County serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Licking County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on Licking County.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library has no related organizations or jointly governed organizations.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Mary E. Babcock Friends, Inc., the Buckeye Lake Friends Group, and the Licking County Friends Group are not-for-profit organizations with a self-appointing board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, the financial statements of the Licking County Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to cash basis of accounting.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and charges for services. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library had no business-type activities during the years ended December 31, 2015.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 Library's funds are all classified as governmental.

Governmental Funds Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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.

Building and Repair Fund The building and repair fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees. The Fiscal Officer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. The Library followed Ohio Statutes for the allocation of interest earnings among the Library's funds. All funds received interest based on a prorated share of the pool's fund balance at the time of the receipt of interest. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2015, investments were limited to nonnegotiable certificates of deposit.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2016 and 2015 amounted to \$10,092 and \$5,834, respectively, none of which assigned from other Library funds.

The principal amount of the Thomas and Banton funds were combined to purchase a nonnegotiable certificate of deposit. The earned interest will be pro-rated based on the amount of initial investment in the certificate of deposit. The earned interest will be transferred into the General Fund at the time of receipt.

Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds (and after nonoperating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Public Library Fund

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). The PLF was 2.22 percent of the State of Ohio's General Revenue Fund (GRF). The PLF was temporarily reduced to 1.97 percent in August 2009 by the State for its fiscal 2010 and 2011 biennium budget. In July 2011, the State reduced the PLF for the biennium budget to 95% of the amount received during the state's fiscal year 2011. In July 2013, the State's biennium budget established that 1.66 percent of the GRF be allocated to the PLF. In July 2015, the State's biennium budget temporarily increased the PLF to be 1.70 percent of the GRF. The PLF is allocated to each county based on the county's prior year PLF and its population. The County Budget Commission allocated 62 percent of these funds to the Library based on the percentage allocation agreement created by the five public library districts in the county. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenue the Library receives. For 2016 and 2015, the Library received \$2,671,206 and \$2,672,356, respectively, in Public Library Funds.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$118,248 and \$59,334 for the general fund for the years ended December 31, 2016 and December 31, 2015, respectively. The encumbrances outstanding at year end (budgetary basis) amounted to \$28,840 and \$51,739 for the building and repair fund for the years ended December 31, 2016 and December 31, 2015, respectively.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 5 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 5 – Deposits and Investments (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2016 and 2015, the Library had \$1,905 and \$1,834, respectively, in undeposited cash on hand which is included as part of “*Equity in Pooled Cash and Cash Equivalents*” on the financial statements.

Deposits

Custodial risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover

deposits or collateral securities that are in the possession of an outside party. At December 31, 2016 and December 31, 2015, the Library’s bank balances of \$2,046,420 and \$1,773,248, respectively, were fully insured by FDIC or insured by collateral.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2016 and 2015 the library had \$1,928,018 and 2,407,672, respectively, in investments.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy addresses interest rate risk by requiring the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 5 – Deposits and Investments (Continued)

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the taxing district of the Library. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2016 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016 was \$1.00 per \$1,000 of assessed value.

The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$2,302,367,460
Public Utility Personal Property	147,212,930
Total	\$2,449,580,390

The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$2,356,213,397
Public Utility Personal Property	120,891,980
Total	\$2,477,105,377

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 6 - Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016 and 2015, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Motorist Mutual	Property	\$ 13,994,837
	General Liability	\$ 1,000,000
	Commercial Crime	\$ 235,000
	Inland Marine	\$ 5,380,000
	Vehicle	\$ 1,000,000
	Employee Dishonesty	\$ 235,000
	Employee Benefits	\$ 1,000,000
	Employer Stop Gap	\$ 1,000,000
	Umbrella	\$ 2,000,000
Philadelphia Indemnity	Director & Officer	\$ 1,000,000
	Employment Practices	\$ 1,000,000

Settled claims have not exceeded this coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims.

Note 8 - Defined Benefit Pension Plan

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 8 - Defined Benefit Pension Plan (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the years ended December 31, 2015, members in state and local classifications contributed 10 percent of covered payroll. The Library’s contribution rate for pension benefits for 2015 was 14 percent.

The Library’s required contributions for pension obligations for all plans for the years ended December 31, 2016, 2015, and 2014 were \$295,187, \$275,563 and \$270,057, respectively; the full amount has been contributed for 2015 and 2014.

Note 9 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The health care coverage provided by OPERS meets the definition of an Other Post Employment

Benefit (OPEB) as described in GASB Statement 45.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 9 - Postemployment Benefits (Continued)

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plans was 2.0% during calendar year 2015. The OPERS Retirement Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015 and 2014 were \$5,714, \$5,295, and \$2,597, respectively; 100 percent has been contributed for 2016, 2015 and 2014.

Note 10 – Leases

The Library leases equipment under noncancelable leases. The Library disbursed \$16,872 and \$17,244 to pay lease costs for the years ended December 31, 2016 and 2015, respectively. Future lease payments are as follows:

Year	Amount
2017	\$ 16,872
Total	\$ 16,872

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2016 are presented below:

Fund Balances	General	Building & Repair Fund	Other Governmental Funds	Total
Nonspendable for				
Endowment for Children's Services	\$ -	\$ -	\$ 69,266	\$ 69,266
Restricted for				
Children's Services	-	-	2,296	2,296
Assigned to				
Capital Improvements at Main and branches	-	2,837,196	-	2,837,196
Future Appropriations	180,261	-	-	180,261
Encumbrances for 2017	118,248	28,840	-	147,088
<i>Total Assigned to</i>	<u>298,509</u>	<u>2,866,036</u>	<u>-</u>	<u>3,164,545</u>
Unassigned				
Unencumbered	1,219,888	-	-	1,219,888
<i>Total Fund Balances</i>	<u>\$ 1,518,397</u>	<u>\$ 2,866,036</u>	<u>\$ 71,562</u>	<u>\$ 4,455,995</u>

The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2015 are presented below:

Fund Balances	General	Building & Repair Fund	Other Governmental Funds	Total
Nonspendable for				
Endowment for Children's Services	\$ -	\$ -	\$ 69,266	\$ 69,266
Restricted for				
Children's Services	-	-	1,638	1,638
Assigned to				
Capital Repairs at Main	-	1,801,027	-	1,801,027
Future Appropriations	43,618	-	-	43,618
Encumbrances for 2016	59,334	51,739	-	111,073
<i>Total Assigned to</i>	<u>102,952</u>	<u>1,852,766</u>	<u>-</u>	<u>1,955,718</u>
Unassigned				
Unencumbered	1,676,478	-	-	1,676,478
<i>Total Fund Balances</i>	<u>\$ 1,779,430</u>	<u>\$ 1,852,766</u>	<u>\$ 70,904</u>	<u>\$ 3,703,100</u>

Note 12 – Interfund Transfers

The general fund transferred \$1,300,000 and \$750,000 in 2016 and 2015, respectively to the building and repair fund. In 2016 the transfer was for purchase of automated twenty-four hour library, preparation of parking lot renovation and expansion at Main campus, and planned purchase of property. In 2015 the transfer was for preparation of exterior building repairs at Main campus, preparation of parking lot renovation and expansion at Main campus, and planned purchase of property. The Thomas fund transferred \$426 and \$8 in 2016 and 2015, respectively, to the general fund from interest earned on the trust fund.



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

Licking County Library
Licking County
101 West Main Street
Newark, Ohio 43055

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Licking County Library, Licking County, Ohio (the Library) as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, and have issued our report thereon dated May 13, 2017, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

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.

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 testing 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.

BHM CPA Group

BHM CPA Group, Inc.
Columbus, Ohio
May 13, 2017

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Dave Yost • Auditor of State

LICKING COUNTY LIBRARY

LICKING 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
JULY 18, 2017