

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2014-2013



Dave Yost • Auditor of State

Board of Trustees
Portage County District Library
10482 South Street
Garrettsville, Ohio 44231

We have reviewed the *Independent Auditor's Report* of the Portage County District Library, Portage County, prepared by Escott & Company, LLC, for the audit period January 1, 2013 through December 31, 2014. 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 Portage County District 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 10, 2015

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**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

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Escott & Company

CERTIFIED PUBLIC ACCOUNTANTS

Richard J. Tinker, CPA
Al Stefanov, CPA
James A. Tinker, CPA

INDEPENDENT AUDITOR'S REPORT

Portage County District Library
Portage County
10482 South Street
Garrettsville, Ohio 44231

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Portage County District Library, Portage County, (the Library) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Portage County District Library, Portage County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2015 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.

Essell & Company

Kent, OH

May 21, 2015

PORTAGE COUNTY DISTRICT LIBRARY

Portage County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2014

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$1,948,948			\$1,948,948
Intergovernmental				0
Patron Fines and Fees	28,432			28,432
Services Provided to Other Entities	21,381			21,381
Contributions, Gifts and Donations	21,989			21,989
Earnings on Investments	1,568	89	1,522	3,179
Miscellaneous	42,269			42,269
Total Cash Receipts	2,064,587	89	1,522	2,066,198
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	854,498			854,498
Collection Development and Processing	412,799			412,799
Support Services:				
Facilities Operation and Maintenance	168,067		1,067	169,134
Information Services	119,136			119,136
Business Administration	395,708			395,708
Debt Service:				
Principal Retirement				0
Capital Outlay	86,726		28,223	114,949
Total Cash Disbursements	2,036,934	0	29,290	2,066,224
Excess of Receipts Over (Under) Disbursements	27,653	89	(27,768)	(26)
Other Financing Receipts (Disbursements)				
Sale of Bonds				0
Sale of Notes				0
Other Debt Proceeds				0
Premium and Accrued Interest on Debt				0
Discount on Debt				0
Sale of Capital Assets				0
Transfers In			255,312	255,312
Transfers Out				0
Advances Out				0
Other Financing Sources				0
Transfers Out	(255,312)			(255,312)
Total Other Financing Receipts (Disbursements)	(255,312)	0	255,312	0
Special Item				0
Extraordinary Item				0
Net Change in Fund Cash Balances	(227,659)	89	227,544	(26)
Fund Cash Balances, January 1	786,325	41,765	619,127	1,447,217
Fund Cash Balances, December 31				
Nonspendable				0
Restricted				0
Committed		41,854		41,854
Assigned	376,285		846,671	1,222,956
Unassigned (Deficit)	182,381			182,381
Fund Cash Balances, December 31	\$558,666	\$41,854	\$846,671	\$1,447,191

See Accompanying Notes and Independent Auditor's Reports

PORTAGE COUNTY DISTRICT LIBRARY

Portage County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2013

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$1,987,066			\$1,987,066
Intergovernmental	20,418			20,418
Patron Fines and Fees	29,181			29,181
Services Provided to Other Entities	23,622			23,622
Contributions, Gifts and Donations	24,001			24,001
Earnings on Investments	1,724	93	1,374	3,191
Miscellaneous	24,420			24,420
<i>Total Cash Receipts</i>	<u>2,110,432</u>	<u>93</u>	<u>1,374</u>	<u>2,111,899</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	842,723			842,723
Collection Development and Processing	423,131			423,131
Support Services:				
Facilities Operation and Maintenance	172,485		2,196	174,681
Information Services	108,818			108,818
Business Administration	395,836			395,836
Capital Outlay	45,708	3,233	27,713	76,654
<i>Total Cash Disbursements</i>	<u>1,988,701</u>	<u>3,233</u>	<u>29,909</u>	<u>2,021,843</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>121,731</u>	<u>(3,140)</u>	<u>(28,535)</u>	<u>90,056</u>
<i>Net Change in Fund Cash Balances</i>	121,731	(3,140)	(28,535)	90,056
<i>Fund Cash Balances, January 1</i>	<u>664,594</u>	<u>44,905</u>	<u>647,662</u>	<u>1,357,161</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	41,765	0	41,765
Assigned	482,635	0	619,127	1,101,762
Unassigned (Deficit)	303,690	0	0	303,690
<i>Fund Cash Balances, December 31</i>	<u>\$786,325</u>	<u>\$41,765</u>	<u>\$619,127</u>	<u>\$1,447,217</u>

PORTAGE COUNTY DISTRICT LIBRARY

Portage County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)*

FIDUCIARY FUND

For the Year Ended December 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Patron Fines and Fees	\$4,989
Services Provided to Other Entities	21,830
Contributions, Gifts and Donations	400
Earnings on Investments	97
Miscellaneous	4,488
	<hr/>
<i>Total Operating Cash Receipts</i>	31,804
	<hr/>
Operating Cash Disbursements	
Salaries	56,388
Employee Fringe Benefits	17,036
Purchased and Contracted Services	160,656
Library Materials and Information	54,738
Supplies	3,161
Other	200
	<hr/>
<i>Total Operating Cash Disbursements</i>	292,179
	<hr/>
<i>Operating Income (Loss)</i>	(260,375)
	<hr/>
Non-Operating Receipts (Disbursements)	
Intergovernmental	201,123
Sale of Capital Assets	
Capital Outlay	(26,921)
Other Financing Sources	
Other Financing Uses	
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	174,202
	<hr/>
<i>Net Change in Fund Cash Balances</i>	(86,173)
	<hr/>
<i>Fund Cash Balances, January 1</i>	123,057
	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$36,884</u>

PORTAGE COUNTY DISTRICT LIBRARY

Portage County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)*

FIDUCIARY FUND

For the Year Ended December 31, 2013

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	
Patron Fines and Fees	\$1,409
Services Provided to Other Entities	\$20,765
Earnings on Investments	\$188
Miscellaneous	2,551
	<hr/>
<i>Total Operating Cash Receipts</i>	24,913
	<hr/>
Operating Cash Disbursements	
Salaries	54,076
Employee Fringe Benefits	16,874
Purchased and Contracted Services	35,442
Library Materials and Information	52,955
Supplies	1,558
Other	
	<hr/>
<i>Total Operating Cash Disbursements</i>	160,905
	<hr/>
<i>Operating Income (Loss)</i>	(135,992)
	<hr/>
Non-Operating Receipts (Disbursements)	
Intergovernmental	199,882
Sale of Capital Assets	
Capital Outlay	(11,175)
Other Financing Sources	
Other Financing Uses	
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	188,707
	<hr/>
<i>Net Change in Fund Cash Balances</i>	52,715
	<hr/>
<i>Fund Cash Balances, January 1</i>	70,342
	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$123,057</u>

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Portage County District Library, Portage County, (the Library) as a body corporate and politic. They appoint a 7 member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Accounting Basis

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

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

C. 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. STAR Ohio is recorded at share values the mutual funds report.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Fund:

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

Mildred Chang Memorial Fund – This fund accounts for the bequest by Ms. Chang to be used for capital improvements of the Windham Branch only.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

Garrettsville Building Fund – This fund is used to account for capital improvements and repairs of the Garrettsville building.

Branch Improvement Fund – This fund is used to account for the capital improvements of various library branches other than the Garrettsville location.

Portage County District Library Automated Circulation System Fund – This fund is used to account for computer purchases and automation at the library.

Vehicle Replacement/Repair Fund – This fund accounts for the accumulation of resources for future vehicle purchases.

4. Agency Funds

Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds:

The Library acts as the fiscal agent for the Portage Library Consortium (PLC) and uses a PLC General Fund and a PLC Circulation Fund.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control).

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. 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.

3. Committed

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

4. 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 Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

	2014	2013
Demand deposits	\$1,415,348	\$1,501,570
Investment - STAR Ohio	68,727	68,704
Total deposits and investments	\$1,484,075	\$1,570,274

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$2,039,544	\$2,064,587	\$25,043
Special Revenue	0	89	89
Capital Projects	0	256,834	256,834
Fiduciary	231,349	232,927	1,578
Total	\$2,270,893	\$2,554,437	\$283,544

2014 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,810,258	\$2,292,246	\$518,012
Special Revenue	41,767	0	41,767
Capital Projects	647,662	29,290	618,372
Fiduciary	352,882	319,100	33,782
Total	\$3,852,569	\$2,640,636	\$1,211,933

2013 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$2,063,931	\$2,110,432	\$46,501
Special Revenue	0	93	93
Capital Projects	0	1,374	1,374
Fiduciary	242,904	224,795	(18,109)
Total	\$2,306,835	\$2,336,694	\$29,859

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,728,527	\$1,988,701	\$739,826
Special Revenue	44,907	3,233	41,674
Capital Projects	647,662	29,909	617,753
Fiduciary	313,058	172,080	140,978
Total	<u>\$3,734,154</u>	<u>\$2,193,923</u>	<u>\$1,540,231</u>

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. This method of distribution is called the "percentage of revenue" method. This method was not used for August 2011 through June 2013. During that 23 month period PLF received a designated percentage of the dollar amounts received by the fund during the corresponding month of the fiscal year 2011 "base-year" period. Effective July 2013 the statutory allocation method reverted to the "percentage of revenue" method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution the "statutory allocation method" was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county's allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014 the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements were computed in December 2014. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June 2015.

5. Retirement Systems

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2013 - 2014</i>	<i>10%</i>	<i>14%</i>

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Library contributed an amount equaling 14%, respectively, of participants' gross salaries. The Library has chosen to additionally contribute a portion equal to 3.5% of the employee's portion so the actual amount remitted by the Library equals 15.5% and the amount the employees contribute equals 6.5%. The Library has paid all contributions required through December 31, 2014.

**PORTAGE COUNTY DISTRICT LIBRARY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Risk Management

Commercial Insurance

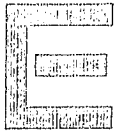
The Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. Jointly Governed Organization

The Portage Library Consortium (PLC) authorized under Ohio Revised Code Section 3375.403 consists of the Portage County District Library, Kent Free Library, and Reed Memorial Library. The purpose of the consortium is to provide better services at reduced costs to each member through collective efforts and resource sharing. The PLC is governed by a Council comprised of two trustees from each member library. Member libraries are entitled to a single vote. The Board controls the budget and all financial concerns. The three libraries allocate 1.33% of the PLF for a total of 3.99% allocation of revenue. The Portage County District Library acts as the fiscal agent for the consortium.



Escott & Company

CERTIFIED PUBLIC ACCOUNTANTS

Richard J. Tinker, CPA
Al Stefanov, CPA
James A. Tinker, CPA

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

Portage County District Library
Portage County
10482 South Street
Garrettsville, Ohio 44231

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 Portage County District Library, Portage County, (the Library) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements and have issued our report thereon dated May 21, 2015 wherein we noted the Entity followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Escott & Campay LLC

Kent, OH

May 21, 2015



Dave Yost • Auditor of State

PORTAGE COUNTY DISTRICT LIBRARY

PORTAGE 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 23, 2015**