



Dave Yost • Auditor of State



**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Athens County Public Libraries  
Athens County  
95 West Washington Street  
Nelsonville, Ohio 45764

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Athens County Public Libraries, Athens County, Ohio (the Library), as of and for the years ended December 31, 2016 and 2015.

### ***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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 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, 2016 and 2015, 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 Athens County Public Libraries, Athens County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2017, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 25, 2017

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$992,530	\$0	\$0	\$992,530
Public Library	1,851,722	0	0	1,851,722
Intergovernmental	168	0	0	168
Patron Fines and Fees	26,613	0	0	26,613
Contributions, Gifts and Donations	40,876	0	0	40,876
Earnings on Investments	3,431	0	0	3,431
Miscellaneous	106,336	0	38,295	144,631
<i>Total Cash Receipts</i>	<u>3,021,676</u>	<u>0</u>	<u>38,295</u>	<u>3,059,971</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	866,533	5,000	0	871,533
Collection Development and Processing	240,240	0	0	240,240
Support Services:				
Facilities Operation and Maintenance	529,495	0	0	529,495
Information Services	68,290	0	0	68,290
Business Administration	1,076,182	0	0	1,076,182
Capital Outlay	0	0	102,205	102,205
<i>Total Cash Disbursements</i>	<u>2,780,740</u>	<u>5,000</u>	<u>102,205</u>	<u>2,887,945</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>240,936</u>	<u>(5,000)</u>	<u>(63,910)</u>	<u>172,026</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	223,000	223,000
Transfers Out	(223,000)	0	0	(223,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(223,000)</u>	<u>0</u>	<u>223,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	17,936	(5,000)	159,090	172,026
<i>Fund Cash Balances, January 1</i>	<u>1,683,273</u>	<u>5,000</u>	<u>27,000</u>	<u>1,715,273</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	0	0	0
Assigned	1,690,510	0	186,090	1,876,600
Unassigned (Deficit)	10,699	0	0	10,699
<i>Fund Cash Balances, December 31</i>	<u>\$1,701,209</u>	<u>\$0</u>	<u>\$186,090</u>	<u>\$1,887,299</u>

See accompanying notes to the basic financial statements.

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**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Note 1 - Reporting Entity**

The Athens County Public Library (the Library), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Nelsonville-York City School District Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", the Library is considered to be a related organization of the Nelsonville-York City School District.

The Friends of the Athens Public Library, Inc. is a not-for-profit organization with a self-appointing board and a mission of fostering interaction between the Athens County Public Libraries and the Athens Community. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. This organization is legally separate, tax-exempt entity whose resources benefit the Library, but the resources are not directly accessible to the Library and are not significant in amount to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Library participates in jointly governed organizations. A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Library is a dues-paying participant in the Ohio Library Council (OLC), Southeast Regional Library System (SERLS) and the State Library of Ohio

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library's financial statements consist of a Combined Statement of Receipts, Disbursements and changes in Fund Balances (Regulatory Cash Basis) for all governmental fund types.

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

***Fund Accounting (Continued)***

***Special Revenue Funds (Continued)***

***O'Bleness Foundation Fund*** – The O'Bleness Fund accounts for and reports grant monies restricted within the Library.

***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:

***Capital Projects Fund*** – The permanent improvement fund is a building fund for monies set aside by the Board of Library Trustees specifically for major capital improvements.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

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

A summary of 2016 budgetary activity appears in Note 3.

***Deposits***

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.

***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into three 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:

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,761,945	\$3,021,676	\$259,731
Special Revenue	5,000	0	(5,000)
Capital Projects	261,295	261,295	0
Total	\$3,028,240	\$3,282,971	\$254,731

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,465,087	\$3,003,740	\$461,347
Special Revenue	5,000	5,000	0
Capital Projects	250,000	102,205	147,795
Total	\$3,720,087	\$3,110,945	\$609,142

**Note 4 – Deposits**

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

	2016
Demand deposits	\$1,887,299

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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**Note 4 – Deposits (Continued)**

Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library.

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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**Note 7 - Defined Benefit Pension Plan (Continued)**

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

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$967,167	\$0	\$0	\$967,167
Public Library	1,863,183	0	0	1,863,183
Intergovernmental	0	5,000	0	5,000
Patron Fines and Fees	26,819	0	0	26,819
Contributions, Gifts and Donations	598,793	0	0	598,793
Earnings on Investments	1,567	0	0	1,567
Miscellaneous	6,860	0	0	6,860
<i>Total Cash Receipts</i>	<u>3,464,389</u>	<u>5,000</u>	<u>0</u>	<u>3,469,389</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	748,525	5,000	0	753,525
Collection Development and Processing	252,386	0	0	252,386
Support Services:				
Facilities Operation and Maintenance	348,325	0	0	348,325
Information Services	56,603	0	0	56,603
Business Administration	871,497	0	0	871,497
Capital Outlay	0	0	15,000	15,000
<i>Total Cash Disbursements</i>	<u>2,277,336</u>	<u>5,000</u>	<u>15,000</u>	<u>2,297,336</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,187,053</u>	<u>0</u>	<u>(15,000)</u>	<u>1,172,053</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	22,000	22,000
Transfers Out	(22,000)	0	0	(22,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(22,000)</u>	<u>0</u>	<u>22,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	1,165,053	0	7,000	1,172,053
<i>Fund Cash Balances, January 1</i>	<u>518,220</u>	<u>5,000</u>	<u>20,000</u>	<u>543,220</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	5,000	0	5,000
Assigned	703,142	0	27,000	730,142
Unassigned (Deficit)	980,131	0	0	980,131
<i>Fund Cash Balances, December 31</i>	<u>\$1,683,273</u>	<u>\$5,000</u>	<u>\$27,000</u>	<u>\$1,715,273</u>

See accompanying notes to the basic financial statements.

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**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Note 1 - Reporting Entity**

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***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Library participates in jointly governed organizations. A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Library is a dues-paying participant in the Ohio Library Council (OLC), Southeast Regional Library System (SERLS) and the State Library of Ohio

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**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

***Fund Accounting (Continued)***

***Special Revenue Funds (Continued)***

***O'Bleness Foundation Fund*** – The O'Bleness Fund accounts for and reports grant monies restricted within the Library.

***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:

***Capital Projects Fund*** – The permanent improvement fund is a building fund for monies set aside by the Board of Library Trustees specifically for major capital improvements.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

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

A summary of 2015 budgetary activity appears in Note 3.

***Deposits***

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.

***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into three 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:

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,748,606	\$3,464,389	\$715,783
Special Revenue	5,000	5,000	0
Capital Projects	0	22,000	22,000
Total	\$2,753,606	\$3,491,389	\$737,783

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,575,294	\$2,299,336	\$275,958
Special Revenue	5,000	5,000	0
Capital Projects	20,000	15,000	5,000
Total	\$2,600,294	\$2,319,336	\$280,958

**Note 4 – Deposits**

The Library maintains a deposit 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:

	2015
Demand deposits	\$1,715,273

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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**Note 4 – Deposits (Continued)**

Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library.

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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**Note 7 - Defined Benefit Pension Plan (Continued)**

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

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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# Dave Yost • Auditor of State

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

Athens County Public Libraries  
Athens County  
95 West Washington Street  
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Athens County Public Libraries, Athens 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 April 25, 2017, wherein we noted the Library followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2016-001 and 2016-002 to be material weaknesses.

### ***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.

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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*.

***Entity's Response to Findings***

The Library's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 25, 2017



**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2016-001**

**Material Weakness**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments.

The following items were noted for the years ended December 31, 2016 and 2015:

**Interfund Adjustment:**

- Two funding sources previously reported in the General Fund were reclassified as Special Revenue Funds in 2016 by management. The sources of the funding related to donations from the 'Doctor and Aline Paxton Estate' and the 'Friends of the Athens Library'. These donations failed to meet the qualifications to be classified as Special Revenue under GASB 54. As a result, the January 1, 2016 and December 31, 2016 General Fund balances increased by \$368,176 and the January 1, 2016 and December 31, 2016 'Doctor and Aline Paxton Estate' and the 'Friends of the Athens Library' Special Revenue Fund balances decreased by \$366,624 and \$1,552, respectively.

**GASB 54 Fund Balance Classifications:**

- A portion of the General Fund was included as part of the subsequent year's appropriations. As a result, \$1,690,510 of the December 31, 2016 General Fund balance was reclassified as assigned rather than as unassigned and \$703,142 of the December 31, 2015 General Fund balance was reclassified as assigned rather than as unassigned.
- The Capital Projects fund balances were improperly classified based on the nature of the funding source. As a result, \$186,090 of the December 31, 2016 Capital Projects Fund balance was reclassified as assigned rather than as restricted and \$27,000 of the December 31, 2015 Capital Projects Fund balance was reclassified as assigned rather than as restricted.

**Transfer:**

- A 2015 interfund transfer of \$22,000 from the General Fund to the Capital Projects Fund was incorrectly posted as adjustments to the January 1, 2015 fund balances. As a result, the January 1, 2015 fund balance and transfers out were increased by \$22,000 for the General Fund and the January 1, 2015 Capital Projects Fund balance was decreased and transfers in were increased.

The following represents the cumulative effect of the adjustments listed above on the respective fund cash balances as of December 31, 2016:

Fund	Unadjusted Balance at 12/31/16	Adjustments	Adjusted Balance at 12/31/16
1000 General	\$1,333,034	\$368,176	\$1,701,210
2002 Doctor and Aline Paxton	366,624	(366,624)	0
2003 Friends of Athens Library	1,552	(1,552)	0

**ATHENS COUNTY PUBLIC LIBRARIES  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-001 (Continued)**

**Material Weakness (Continued)**

These misstatements were caused by confusion over proper classifications. As a result, significant adjustments and reclassifications, with which the Library's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Fiscal Officer should take additional care in posting transactions to the Library's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts and expenditures.

**Official's Response:** Thank you for advising the Fiscal Office the proper classifications for special monies received from Dr. and Aline Paxton and the Friends of the Athens Public Library. Proper corrections to the General Fund and the Special Revenue Funds are being made to match the 2015 and 2016 audit totals.

**FINDING NUMBER 2016-002**

**Material Weakness**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system.

Estimated receipts posted to the accounting system exceeded the amount formally adopted in the General Fund by \$259,730 at December 31, 2016 and by \$715,783 at December 31, 2015.

Appropriations posted to the accounting system exceeded the amount formally adopted in the General Fund and the Capital Projects Fund by \$334,598 and \$38,295, respectively, at December 31, 2016 and in the General Fund and O'Bleness Foundation Special Revenue Fund by \$542,425 and \$5,000, respectively, at December 31, 2015.

Because the budgetary information posted to the accounting system differed from the amounts formally approved, the Board of Trustees lost some degree of control and a tool to effectively monitor its budget to actual status throughout the year. The Library's management should review accuracy of posted budgetary amounts in the UAN system and periodically reconcile these amounts to formally approved amounts. Further, any supplemental appropriations should be formally approved by the Board of Trustees following the same procedures as original appropriations.

**Official's Response:** All supplemental appropriations are formally approved by the Board of Trustees when received, as well as an amended certificate of estimated resources requested from the County Auditor.



# Dave Yost • Auditor of State

**ATHENS COUNTY PUBLIC LIBRARIES**

**ATHENS 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  
MAY 9, 2017**