



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD 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  
Fairfield County District Library  
210 North Broad Street  
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Fairfield County District Library, Fairfield 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 Fairfield 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 27, 2017

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**Fairfield County District Library**  
**Fairfield County**  
*Table of Contents*  
*For the Fiscal Years Ended 2016 and 2015*

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<b>Title</b>	<b>Page</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2016 .....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2016 .....	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) –All Governmental Fund Types – For the Year Ended December 31, 2015 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2015 .....	6
Notes to the Financial Statements .....	7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	16

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## **Independent Auditor's Report**

Fairfield County District Library  
Fairfield County  
210 N. Broad Street  
Lancaster, Ohio 43130

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balance, receipts, and disbursements by fund type and related notes of the Fairfield County District Library, Fairfield County, (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 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 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 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 Fairfield County District Library, Fairfield County, 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, on our consideration of the Library's internal control over financial reporting and on 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 Standard* in considering the Library's internal control over financial reporting and compliance.



BHM CPA Group, Inc.  
Columbus, Ohio  
May 17, 2017



**Fairfield County Public Library**  
Fairfield County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2016

	General	Special Revenue	ERROR Capital Projects	ERROR Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 1,117,148	\$ -	\$ -	\$ 1,117,148
Public Library	2,478,589	-	-	2,478,589
Intergovernmental	66,813	-	-	66,813
Patron Fines and Fees	88,944	-	-	88,944
Contributions, Gifts and Donations	5,022	4,218	-	9,240
Earnings on Investments	12,504	-	-	12,504
Miscellaneous	8,576	-	-	8,576
<i>Total Cash Receipts</i>	<u>3,777,596</u>	<u>4,218</u>	<u>-</u>	<u>3,781,814</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,599,520	-	-	1,599,520
Collection Development and Processing	603,494	1,662	-	605,156
Support Services:				
Facilities Operation and Maintenance	421,167	3,000	-	424,167
Information Services	337,189	-	-	337,189
Business Administration	473,057	-	-	473,057
Capital Outlay	106,772	-	-	106,772
<i>Total Cash Disbursements</i>	<u>3,541,199</u>	<u>4,662</u>	<u>-</u>	<u>3,545,861</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>236,397</u>	<u>(444)</u>	<u>-</u>	<u>235,953</u>
<i>Net Change in Fund Cash Balances</i>	236,397	(444)	-	235,953
<i>Fund Cash Balances, January 1</i>	<u>2,090,129</u>	<u>18,827</u>	<u>60,883</u>	<u>2,169,839</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	18,383	60,883	79,266
Assigned	304,680	-	-	304,680
Unassigned (Deficit)	2,021,846	-	-	2,021,846
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,326,526</u>	<u>\$ 18,383</u>	<u>\$ 60,883</u>	<u>\$ 2,405,792</u>

**Fairfield County District Library**  
**Fairfield County**  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
**All Fiduciary Fund Types**  
**For the Year Ended December 31, 2016**

	Fiduciary Fund Types	Totals
	Permanent Trust	(Memorandum Only)
<i>Fund Cash Balances, January 1</i>	\$ 65,203	\$ 65,203
<i>Fund Cash Balances, December 31</i>	\$ 65,203	\$ 65,203

*See accompanying notes to the basic financial statements*

**Fairfield County Public Library**  
Fairfield County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2015

	General	Special Revenue	ERROR Capital Projects	ERROR Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 1,111,661	\$ -	\$ -	\$ 1,111,661
Public Library	2,475,401	-	-	2,475,401
Intergovernmental	19,097	-	-	19,097
Patron Fines and Fees	98,192	-	-	98,192
Contributions, Gifts and Donations	41,723	2,915	-	44,638
Earnings on Investments	2,393	-	-	2,393
Miscellaneous	4,361	-	-	4,361
<i>Total Cash Receipts</i>	<u>3,752,828</u>	<u>2,915</u>	<u>-</u>	<u>3,755,743</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,370,142	-	-	1,370,142
Collection Development and Processing	552,483	2,399	-	554,882
Support Services:				
Facilities Operation and Maintenance	369,196	143	-	369,339
Information Services	286,264	-	-	286,264
Business Administration	586,045	600	-	586,645
Capital Outlay	231,388	5,456	-	236,844
<i>Total Cash Disbursements</i>	<u>3,395,518</u>	<u>8,598</u>	<u>-</u>	<u>3,404,116</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>357,310</u>	<u>(5,683)</u>	<u>-</u>	<u>351,627</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Assets	10,000	-	-	10,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<i>Net Change in Fund Cash Balances</i>	367,310	(5,683)	-	361,627
<i>Fund Cash Balances, January 1</i>	<u>1,722,819</u>	<u>24,510</u>	<u>60,883</u>	<u>1,808,212</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	18,827	60,883	79,710
Assigned	154,409	-	-	154,409
Unassigned (Deficit)	1,935,720	-	-	1,935,720
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,090,129</u>	<u>\$ 18,827</u>	<u>\$ 60,883</u>	<u>\$ 2,169,839</u>

**Fairfield County District Library**  
 Fairfield County  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Cash Basis)  
 All Fiduciary Fund Types  
 For the Year Ended December 31, 2015

	Fiduciary Fund Types	Totals
	Permanent Trust	(Memorandum Only)
<i>Total Operating Cash Receipts</i>	\$ 65,203	\$ 65,203
<i>Operating Income (Loss)</i>	65,203	65,203
<i>Net Change in Fund Cash Balances</i>	65,203	65,203
<i>Fund Cash Balances, January 1</i>	-	-
<i>Fund Cash Balances, December 31</i>	\$ 65,203	\$ 65,203

*See accompanying notes to the basic financial statements*

**Fairfield County District Library**  
Fairfield County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016 and 2015

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**Note 1 - Reporting Entity**

The Fairfield County District Library (the Library), Fairfield 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 Library has its own seven-member Board of Trustees, four of which are appointed by the Board of County Commissioners and three by the Judges of the Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation.

**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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

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

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

**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:

**Gifts, Donations & Contributions Fund** - This fund accounts for receipts restricted by donors for specific purposes.

**Capital Project Funds** - This fund accounts for and reports resources restricted, committed or assigned for major capital and technology improvements.

**Fiduciary Funds** - Fiduciary Funds include pension trust funds, investment trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for programs. The Library had the following significant Permanent Trust funds in 2016 and 2015:

Fritz Trust Fund, Martin Trust Fund, Beougher Trust Fund, Gilmore Trust Fund, and O'Leary Trust Fund

**Fairfield County District Library**  
Fairfield County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016 and 2015

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

**Basis of Accounting**

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

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

**Budgetary Process**

All funds are legally required to be appropriated. The appropriations resolution is the Library Board of Trustees' authorization to spend resources and set annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established at the fund and major category of the object code level for the General Fund and at the fund level for all other funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board. The Fiscal Officer maintains budgetary information at the fund and object level and has the authority to transfer appropriations at the major category and object level for the General Fund and at the fund level for all other funds, 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 Board 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 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 appropriations resolution for that fund that covered the entire fiscal 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 Board during the fiscal year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

**Deposits and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Fairfield County District Library**  
Fairfield County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016 and 2015

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

**Capital Assets**

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

**Accumulated Leave**

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

***Fund Balance***

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

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

***Restricted*** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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

**Fairfield County District Library**  
Fairfield County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016 and 2015

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**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,807,455	\$377,596	(\$3,429,859)
Special Revenue	3,000	4,218	1,218
Permanent Trust	3,700	-	(3,700)
Total	\$3,814,155	\$381,814	(\$3,432,341)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,055,150	\$3,541,199	\$513,951
Special Revenue	11,000	4,662	6,338
Capital Projects	25,000	-	25,000
Permanent Trust	3,700	-	3,700
Total	\$4,094,850	\$3,545,861	\$548,989

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,743,171	\$3,762,828	\$19,657
Special Revenue	8,452	2,915	(5,537)
Permanent Trust	66,950	65,203	(1,747)
Total	\$3,818,573	\$3,830,946	\$12,373

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,634,491	\$3,395,518	\$238,973
Special Revenue	18,800	8,598	10,202
Capital Projects	25,000	-	25,000
Total	\$3,678,291	\$3,404,116	\$274,175



**Fairfield County District Library**  
 Fairfield County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2016 and 2015

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**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$96,978
Change Funds	360
Total deposits	97,338
STAR Ohio	2,308,454
Trust Fund Monies	65,203
Total investments	2,373,657
Total deposits and investments	\$2,470,995
	2015
Demand deposits	\$133,302
Change Funds	360
Total deposits	133,662
STAR Ohio	2,036,177
Trust Fund Monies	65,203
Total investments	2,101,380
Total deposits and investments	\$2,235,042

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool

**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.

**Fairfield County District Library**  
 Fairfield County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2016 and 2015

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**Note 5 – Grants in Aid and Taxes – (Continued)**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as 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.

Public utilities are also taxed on personal and real property located within the taxing district.

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

**Note 6 - Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 - 2016</i>	<i>10%</i>	<i>14%</i>

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants’ gross salaries. The Library has paid all contributions required through December 31, 2016 and 2015.

**Fairfield County District Library**  
Fairfield County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016 and 2015

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**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.

**Note 9 – Contingent Liabilities**

The library is not involved in any significant litigation.

**Note 10 – Joint Ventures**

The Library is a member of the Central Library Consortium (the "CLC"). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system.

The CLC, which commenced on June 13, 1988, has fourteen members consisting of Alexandria Public Library, Bexley Public Library, Columbus Metropolitan Library, Fairfield County District Library, Grandview Heights Public Library, London Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, Southwest Public Libraries, Upper Arlington Public Library, Wagnalls Memorial Library, and Worthington Libraries. The original agreement has been modified to extend membership to additional libraries. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president and a secretary. The CLC's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 W. 1st Avenue, Columbus, OH 43212.

Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library paid \$111,083 and 115,782 to the CLC in 2016 and 2015, respectively. The Library has no explicit and measurable equity interest in the venture. The Library's only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library.

**Note 11 – Related Parties**

The Fairfield County Library Foundation a 501(c) (3) tax-exempt organization, provided additional buildings, money and service to Fairfield County District Library. The Library leased two buildings from the Foundation under operating lease agreements. The total rent expense for these leases was \$56,251 for the year 2015.

The Fairfield County District Library purchased the Northwest Branch Library Branch located at 2855 Helena Dr, Carroll, Ohio from the Fairfield County Library Foundation on September 18, 2015 for the amount of \$156,438 at which time the Foundation gifted the Bremen Branch Library at School Street, Bremen, Ohio to the Library. The Library now owns the Main Library and all of their Branch Library locations.

**Fairfield County District Library**  
Fairfield County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016 and 2015

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**Note 11 – Related Parties (Continued)**

The Fairfield County Library Foundation dissolved on October 30, 2015 and per their articles of incorporation gave their assets to the Fairfield County District Library which at the time consisted of \$40,000 in cash and \$65,203 in five different permanent trust funds of which only the annual interest can be spent by the Library. During 2016, the Library received the remainder of the Foundation's money totaling \$5,022.



**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards***

Fairfield County District Library  
Fairfield County  
210 N. Broad Street  
Lancaster, Ohio 43130

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 cash balances, receipts, and disbursements by fund type the Fairfield County District Library, Fairfield County, (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 17, 2017, wherein we noted the Library followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

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

***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 17, 2017



# Dave Yost • Auditor of State

**FAIRFIELD COUNTY DISTRICT LIBRARY**

**FAIRFIELD 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  
AUGUST 10, 2017**