



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

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PERRY COOK MEMORIAL LIBRARY  
MORROW COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017





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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Perry Cook Memorial Library  
7406 County Road 242  
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of the Perry Cook Memorial Library, Morrow County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**FINDING FOR RECOVERY – REPAID UNDER AUDIT**

Former Treasurer of the Perry Cook Memorial Library, Jeffrey Wise, was responsible for maintaining the financial records for the Library, paying the bills and employee payroll, maintaining the Library's checkbook, and preparing and submitting financial reports to the Library Board. Mr. Wise was the Treasurer for approximately eighteen years until resigning on September 25, 2018.

The Library was informed of unusual activity related to Mr. Wise's personal bank account and checks payable to Mr. Wise from the Perry Cook Memorial Library. During the period January 2015 through September 2018, 129 checks totaling \$52,101 were payable to Mr. Wise from the Library's account. Of this amount, 65 checks totaling \$19,752 were determined to be unsupported.

On October 8, 2019, Mr. Wise was indicted through a Bill of Information on one count of Theft in Office in Morrow County Common Pleas Court Case No. 2019 CR 0164.

On November 4, 2019, Mr. Wise entered a plea of guilty to one count of Theft in Office, a felony of the third degree before the Honorable Roger B. Wilson, Morrow County Common Pleas Court Judge, in the above cited case.

Board of Trustees  
Perry Cook Memorial Library  
7406 County Road 242  
Mt. Gilead, Ohio 43338  
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On December 30, 2019, at sentencing for the conviction, Judge Wilson entered an Order of restitution in the amount of \$19,752 against Mr. Wise and in favor of the Perry Cook Memorial Library.

In accordance with the foregoing court Order and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Jeffery Wise for \$19,752 in favor of the Library's General Fund.

On February 4, 2020, a restitution payment of \$19,752 was issued to the Library by the Morrow County Clerk of Court. Accordingly, we consider this finding fully repaid under audit.

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 Perry Cook Memorial Library is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 10, 2020

**Perry Cook Memorial Library**  
**Morrow County, Ohio**  
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*For the Fiscal Years Ended 2018 and 2017*

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**INDEPENDENT AUDITOR'S REPORT**

Perry Cook Memorial Library  
Morrow County  
7406 County Road 242  
Mount Gilead, Ohio 43338

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 Perry Cook Memorial Library, Morrow County, Ohio (the Library) as of and for the years ended December 31, 2018 and 2017.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Perry Cook Memorial Library, Morrow County as of December 31, 2018 and 2017, 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 March 30, 2020, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
March 30, 2020



**PERRY COOK MEMORIAL LIBRARY  
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Public Library	\$ 242,795	\$ -	\$ -	\$ 242,795
Intergovernmental	29,433	-	-	29,433
Patron Fines and Fees	6,121	-	-	6,121
Contributions, Gifts and Donations	228	-	-	228
Earnings on Investments	9	6,549	25	6,583
Miscellaneous	5,036	-	-	5,036
	<u>283,622</u>	<u>6,549</u>	<u>25</u>	<u>290,196</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Library Services:				
Public Services and Programs	108,268	-	-	108,268
Collection Development and Processing	40,076	-	-	40,076
Support Services:				
Facilities Operation and Maintenance	38,013	-	-	38,013
Business Administration	57,296	-	-	57,296
Capital Outlay	25,863	-	-	25,863
	<u>269,516</u>	<u>-</u>	<u>-</u>	<u>269,516</u>
<b>Total Cash Disbursements</b>				
Excess of Receipts Over/ (Under) Disbursements	14,106	6,549	25	20,680
<b>Other Financing Receipts/ (Disbursements):</b>				
Other Financing Uses	(17,966)	-	-	(17,966)
	<u>(17,966)</u>	<u>-</u>	<u>-</u>	<u>(17,966)</u>
<b>Total Other Financing Receipts/ (Disbursements)</b>				
Net Change in Fund Cash Balances	(3,860)	6,549	25	2,714
Fund Cash Balances, January 1	89,439	443,683	7,806	540,928
	<u>89,439</u>	<u>443,683</u>	<u>7,806</u>	<u>540,928</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	-	-	5,000	5,000
Restricted	-	450,232	2,831	453,063
Unassigned	85,579	-	-	85,579
	<u>85,579</u>	<u>-</u>	<u>-</u>	<u>85,579</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 85,579</b></u>	<u><b>\$ 450,232</b></u>	<u><b>\$ 7,831</b></u>	<u><b>\$ 543,642</b></u>

*The notes to the financial statements are an integral part of this statement.*

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Perry Cook Memorial Library (the Library), Morrow 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 Northmor Local School District's 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.

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.

***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 fund:

***Building Fund*** - This fund accounts for transfers from the General Fund and earnings on investments restricted for future library improvements and/or expansion.

***Permanent Funds*** - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

***Belle Cook Trust Fund*** - This fund accounts for endowments which have been invested in a certificate of deposit. Interest earnings on the investment may be used for library operations while the principal balance of \$5,000 is nonspendable.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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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***

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

A summary of 2018 budgetary activity appears in Note 4.

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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.

***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.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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.

**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.

**Note 3 - Compliance**

- Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$55,682 for the year ended December 31, 2018.
- Contrary to Ohio Law for the year ended December 31, 2018 the Library failed to maintain supporting documentation for 45 checks totaling \$17,041 written. These expenditures are not considered current disbursement of the Library but are report as part of Other Financing Uses.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$244,762	\$283,622	\$38,860
Capital Projects	9,000	6,549	(2,451)
Permanent	30	25	(5)
Total	\$253,792	\$290,196	\$36,404

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 - Budgetary Activity** (continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$231,800	\$287,482	(\$55,682)
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$231,800	\$287,482	(\$55,682)

**Note 5 - 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:

	2018
Change Fund	\$45
Demand deposits	85,535
Certificates of deposit	5,000
Other time deposits (savings and NOW accounts)	116,834
Total deposits	207,414
STAR Ohio	336,228
Total investments	336,228
Total deposits and investments	\$543,642

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

***Investments***

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

**Note 6 - 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.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 - 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;
- Errors and omissions.

**Note 8 - Defined Benefit Pension Plans**

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, 2018.

**Note 9 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

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**PERRY COOK MEMORIAL LIBRARY  
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Public Library	\$ 232,673	\$ -	\$ -	\$ 232,673
Patron Fines and Fees	7,810	-	-	7,810
Earnings on Investments	9	3,558	25	3,592
Miscellaneous	2,163	-	-	2,163
	<u>242,655</u>	<u>3,558</u>	<u>25</u>	<u>246,238</u>
Total Cash Receipts				
	242,655	3,558	25	246,238
<b>Cash Disbursements:</b>				
Current:				
Library Services:				
Public Services and Programs	47,208	-	-	47,208
Collection Development and Processing	40,167	-	-	40,167
Support Services:				
Facilities Operation and Maintenance	21,723	-	-	21,723
Business Administration	124,935	-	-	124,935
Capital Outlay	6,237	-	-	6,237
	<u>240,270</u>	<u>-</u>	<u>-</u>	<u>240,270</u>
Total Cash Disbursements				
	240,270	-	-	240,270
Excess of Receipts Over/ (Under) Disbursements	2,385	3,558	25	5,968
Fund Cash Balances, January 1	<u>87,054</u>	<u>440,125</u>	<u>7,781</u>	<u>534,960</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	-	-	5,000	5,000
Restricted	-	443,683	2,806	446,489
Unassigned	89,439	-	-	89,439
	<u>89,439</u>	<u>-</u>	<u>-</u>	<u>89,439</u>
Fund Cash Balances, December 31	<u><u>\$ 89,439</u></u>	<u><u>\$ 443,683</u></u>	<u><u>\$ 7,806</u></u>	<u><u>\$ 540,928</u></u>

*The notes to the financial statements are an integral part of this statement.*



**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Perry Cook Memorial Library (the Library), Morrow 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 Northmor Local School District's 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.

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.

***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 fund:

***Building Fund*** - This fund accounts for transfers from the General Fund and earnings on investments restricted for future library improvements and/or expansion.

***Permanent Funds*** - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

***Belle Cook Trust Fund*** - This fund accounts for endowments which have been invested in a certificate of deposit. Interest earnings on the investment may be used for library operations while the principal balance of \$5,000 is nonspendable.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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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***

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

A summary of 2017 budgetary activity appears in Note 4.

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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.

***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.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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.

*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.

**Note 3 - 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:

	2017
Change fund	\$45
Demand deposits	206,145
Certificates of deposit	5,000
Total deposits	211,190
STAR Ohio	329,738
Total investments	329,738
Total deposits and investments	\$540,928

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 3 - Deposits and Investments** (continued)

*Investments*

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

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$235,738	\$242,655	\$ 6,917
Capital Projects	2,000	3,558	1,558
Permanent	30	25	(5)
Total	\$237,768	\$246,238	\$ 8,470

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$256,001	\$240,270	\$15,731
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$256,001	\$240,270	\$15,731

**Note 5 - 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.

**Perry Cook Memorial Library**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 - Defined Benefit Pension Plans**

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, 2017.

**Note 7 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and 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 8 - Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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



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

Perry Cook Memorial Library  
Morrow County  
7406 County Road 242  
Mount Gilead, Ohio 43338

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 the Perry Cook Memorial Library, Morrow County, (the Library) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated March 30, 2020 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 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. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-003.

***Purpose of this Report***

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

*BHM CPA Group*

BHM CPA Group, Inc.  
Piketon, Ohio  
March 30, 2020

Perry Cook Memorial Library  
Morrow County  
Schedule of Findings  
December 31, 2018 and 2017

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1. SUMMARY OF AUDITOR'S RESULTS

**FINDING NUMBER 2018-001**

**Material Weakness – *Internal Controls related to Disbursements***

**Ohio Rev. Code 149.351** states that all records are property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under rules adopted by the records commission provided under sections 149.38 to 149.42 or the Revised Code.

When designing the public office's system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management's policies
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements.

During the 2017 fiscal year there were 4 unsupported checks written totaling \$476.57 written from the Library's account and payable to the former Treasurer.

During the 2018 fiscal year there were 45 unsupported checks written totaling \$17,040.81 written from the Library's account and payable to the former Treasurer.

Without proper supporting documentation, it is not possible to determine if the expenditures included items that would be considered a proper public purpose. The failure to maintain adequate support for these expenditures resulted in a loss of accountability over the Library's finances. The lack of supporting documentation makes it impracticable to determine the proper classification of such disbursements in the financial reporting system.

To ensure public monies are used for the purposes for which they were raised, management should review the Ohio Revised Code and perform a more detailed review of disbursements. We recommend that the Library consider establishing an audit committee to review monthly financial reports and bank reconciliations so that those in positions of governance are performing adequate oversight to minimize the risk of errors and/or irregularities in the future.

**Client Response:**

We did not receive a response from the client regarding this finding.



Perry Cook Memorial Library  
Morrow County  
Schedule of Findings  
December 31, 2018 and 2017

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1. SUMMARY OF AUDITOR'S RESULTS (Continued)

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**FINDING NUMBER 2018-002**

**Material Weakness – Financial Reporting**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Material misstatements were identified during the course of the audit which have not been prevented or detected by the Library's internal controls over financial reporting. Misstatements were identified in the following areas:

- Public Services and Program Disbursements
- Collection Development and Processing Disbursements

Failure to accurately post and report transactions could result in material errors in the Library's financial statements and reduces the Library's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Library.

We recommend that the Library implement controls to review and accurately record financial transactions.

**Client Response:**

We did not receive a response from the client regarding this finding.

**FINDING NUMBER 2018-003**

**Material Noncompliance**

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it is appropriated.

The Library had expenditures in excess of appropriations in the General Fund in the amount of \$55,682 during 2018.

The Library should take due care to ensure close budgetary monitoring, and amend appropriations when necessary to ensure that all expenditures are properly appropriated.

**Client Response:**

We did not receive a response from the client regarding this finding.

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# OHIO AUDITOR OF STATE KEITH FABER



**PERRY COOK MEMORIAL PUBLIC LIBRARY**

**MORROW 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  
APRIL 28, 2020**