



OHIO AUDITOR OF STATE
KEITH FABER



**GEAUGA COUNTY PUBLIC LIBRARY
 GEAUGA COUNTY
 DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Geauga County Public Library, Geauga County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 17 of the 2018 Notes to the Basic Financial Statements, during 2018, the Library has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2021

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2019
Unaudited

The management's discussion and analysis of the Geauga County Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2019, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2019 are as follows:

- During 2019, total net position decreased as overall disbursements exceeded receipts mainly due to an increase in spending for planned capital improvement projects.
- During 2019, the Library completed renovations to two of their branches totaling \$1,153,066.
- Total disbursements decreased in 2019 mainly due to decreased spending for debt repayments.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the governmental-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

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Geauga County
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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable), and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2019, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as property taxes and Public Library Fund (PLF).

In the statement of net position and the statement of activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Governmental Funds The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's major governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the general fund, the capital improvement fund, the debt service fund and building and repair fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2019
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2019 compared to 2018 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2019	2018	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$28,590,215	\$29,521,880	(\$931,665)
Net Position			
Restricted for:			
Capital Projects	\$21,468,843	\$23,707,352	(\$2,238,509)
Debt Service	1,081,360	974,076	107,284
Unrestricted	6,040,012	4,840,452	1,199,560
<i>Total Net Position</i>	<u>\$28,590,215</u>	<u>\$29,521,880</u>	<u>(\$931,665)</u>

During 2019, total net position decreased as the Library began making capital improvements and renovations throughout the Library system.

Table 2 reflects the changes in net position in 2019 compared to 2018 on a cash basis:

(Table 2)
Change in Net Position

	Governmental Activities		
	2019	2018	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$74,520	\$69,615	\$4,905
<i>General Receipts</i>			
Property Taxes	6,553,960	6,492,399	61,561
Unrestricted Gifts and Contributions	7,981	68,379	(60,398)
Grants and Entitlements not Restricted to Specific Programs	3,654,250	3,550,229	104,021
General Obligation Bonds Issued	0	23,920,000	(23,920,000)
Premium on Debt Issue	0	927,085	(927,085)
Earnings on Investments	758,904	502,281	256,623
Miscellaneous	34,903	38,234	(3,331)
<i>Total General Receipts</i>	<u>11,009,998</u>	<u>35,498,607</u>	<u>(24,488,609)</u>
<i>Total Receipts</i>	<u>\$11,084,518</u>	<u>\$35,568,222</u>	<u>(\$24,483,704)</u>

(continued)

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2019
Unaudited

(Table 2)
Change in Net Position (continued)

	Governmental Activities		
	2019	2018	Change
Disbursements			
Current:			
Library Services:			
Public Services and Programs	\$3,551,898	\$3,574,309	(\$22,411)
Collection Development and Processing	1,528,515	1,662,087	(133,572)
Support Services:			
Facilities Operation and Maintenance	1,830,470	1,444,387	386,083
Information Services	631,777	571,166	60,611
Business Administration	1,109,813	1,110,773	(960)
Capital Outlay	1,984,510	619,642	1,364,868
Debt Service:			
Principal Retirement	485,000	10,305,000	(9,820,000)
Interest and Fiscal Charges	894,200	630,811	263,389
Issuance Costs	0	312,699	(312,699)
Discount on Debt Issue	0	262,111	(262,111)
<i>Total Disbursements</i>	<u>12,016,183</u>	<u>20,492,985</u>	<u>(8,476,802)</u>
Change in Net Position	(931,665)	15,075,237	(16,006,902)
Net Position Beginning of Year	<u>29,521,880</u>	<u>14,446,643</u>	<u>15,075,237</u>
Net Position End of Year	<u><u>\$28,590,215</u></u>	<u><u>\$29,521,880</u></u>	<u><u>(\$931,665)</u></u>

Property taxes and grants and entitlements not restricted to specific programs for 2019 are 92.09 percent of total receipts. Property taxes increased as the Library continued to receive collections on a .50 mill bond levy that was passed in 2017. Interest receipts increased during 2019 due to higher interest rates.

Disbursements for library services represent the costs of running the Library. Disbursements for support services represent the overhead costs of running the Library and the support services provided for the other Library activities. Disbursements for capital outlay represent costs for capital projects for the Library. Capital outlay increased as the Library made various improvements to its facilities. Overall, total disbursements decreased in 2019 due to a reduction of library services as well as debt payments and bond issuance costs. The Library continues to diligently monitor their spending and lowering costs of services.

Governmental Activities

If you look at the statement of activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are library services, support services, and capital outlay. The next column of the statement, under 'Program Cash Receipts,' identifies amounts paid by those who are directly charged for the service. The 'Net (Disbursements) Receipts and Changes in Net Position' column compares the

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2019
Unaudited

program receipts to the cost of the services. This net cost amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities		2018	
	2019			
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	\$3,551,898	\$3,477,378	\$3,574,309	\$3,504,694
Collection Development and Processing	1,528,515	1,528,515	1,662,087	1,662,087
Support Services:				
Facilities Operation and Maintenance	1,830,470	1,830,470	1,444,387	1,444,387
Information Services	631,777	631,777	571,166	571,166
Business Administration	1,109,813	1,109,813	1,110,773	1,110,773
Capital Outlay	1,984,510	1,984,510	619,642	619,642
Debt Service	1,379,200	1,379,200	11,248,510	11,248,510
<i>Total Disbursements</i>	<u>\$12,016,183</u>	<u>\$11,941,663</u>	<u>\$20,230,874</u>	<u>\$20,161,259</u>

The Library's Funds

Total governmental funds had receipts in 2019 of \$11,084,518 and disbursements of \$12,016,183. The fund balance of the general fund increased \$534,364 in 2019, primarily due to an increase in interest earned, property taxes and intergovernmental revenue received. The fund balance of the capital improvement fund decreased \$2,238,509 in 2019 primarily due to project renovations started during 2019. The fund balance of the debt service fund increased \$107,284 primarily due to an increase in interest earned, property taxes and intergovernmental revenue received.

General Fund Budgeting Highlights

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

During 2019, the Library's general fund budget was stable. Actual receipts were higher than final budgeted receipts, primarily due to higher than expected property and other local tax receipts as well as increases from the Public Library Fund. Final disbursements for 2019 were budgeted at \$8,628,357, while actual disbursements were \$7,963,777. Maintaining actual disbursements below projected levels allowed the Library to minimize cash decreases to the general fund during this period.

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Geauga County
Management's Discussion and Analysis
For the Year December 31, 2019
Unaudited

Debt Administration

At December 31, 2019, the Library had Library Improvement Bonds and equipment leases. See Notes 9 and 10 for additional information.

Current Issues

The Library began construction of two new library branches with an estimated cost of \$20.5 million. The Thompson Branch building is scheduled to be completed by August 2020 and the Bainbridge Branch building is scheduled to be completed in December 2020.

The challenge for all Ohio libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Havlin, Fiscal Officer, Geauga County Public Library, 12701 Ravenwood Drive, Chardon, Ohio 44024.

Geauga County Public Library
Geauga County
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$28,590,215</u>
Net Position	
Restricted for:	
Capital Projects	\$21,468,843
Other Purposes	1,081,360
Unrestricted	<u>6,040,012</u>
<i>Total Net Position</i>	<u>\$28,590,215</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	\$3,551,898	\$74,520	(\$3,477,378)
Collection Development and Processing	1,528,515	0	(1,528,515)
Support Services:			
Facilities Operation and Maintenance	1,830,470	0	(1,830,470)
Information Services	631,777	0	(631,777)
Business Administration	1,109,813	0	(1,109,813)
Capital Outlay	1,984,510	0	(1,984,510)
Debt Service:			
Principal Retirement	485,000	0	(485,000)
Interest and Fiscal Charges	894,200	0	(894,200)
<i>Total Governmental Activities</i>	<u>\$12,016,183</u>	<u>\$74,520</u>	<u>(11,941,663)</u>
General Receipts:			
Property Taxes Levied for General Purposes			6,553,960
Unrestricted Gifts and Contributions			7,981
Grants and Entitlements not Restricted to Specific Programs			3,654,250
Earnings on Investments			758,904
Miscellaneous			34,903
<i>Total General Receipts</i>			<u>11,009,998</u>
Change in Net Position			(931,665)
<i>Net Position Beginning of Year</i>			<u>29,521,880</u>
<i>Net Position End of Year</i>			<u>\$28,590,215</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2019

	General	Capital Improvement	Debt Service	Building and Repair Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,167,809	\$21,468,843	\$1,081,360	\$2,872,203	\$28,590,215
Fund Balances					
Restricted	\$0	\$21,468,843	\$1,081,360	\$0	\$22,550,203
Assigned	526,489	0	0	2,872,203	3,398,692
Unassigned	2,641,320	0	0	0	2,641,320
<i>Total Fund Balances</i>	<u>\$3,167,809</u>	<u>\$21,468,843</u>	<u>\$1,081,360</u>	<u>\$2,872,203</u>	<u>\$28,590,215</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Capital Improvement	Debt Service	Building and Repair Fund	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$5,095,917	\$0	\$1,458,043	\$0	\$6,553,960
Intergovernmental	3,627,217	0	27,033	0	3,654,250
Patron Fines and Fees	74,520	0	0	0	74,520
Contributions, Gifts and Donations	7,981	0	0	0	7,981
Earnings on Investments	137,839	598,537	22,528	0	758,904
Miscellaneous	34,903	0	0	0	34,903
<i>Total Receipts</i>	<u>8,978,377</u>	<u>598,537</u>	<u>1,507,604</u>	<u>0</u>	<u>11,084,518</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	3,551,898	0	0	0	3,551,898
Collection Development and Processing	1,528,515	0	0	0	1,528,515
Support Services:					
Facilities Operation and Maintenance	778,889	1,024,976	0	26,605	1,830,470
Information Services	631,777	0	0	0	631,777
Business Administration	1,088,693	0	21,120	0	1,109,813
Capital Outlay	114,241	1,812,070	0	58,199	1,984,510
Debt Service:					
Principal Retirement	0	0	485,000	0	485,000
Interest and Fiscal Charges	0	0	894,200	0	894,200
<i>Total Disbursements</i>	<u>7,694,013</u>	<u>2,837,046</u>	<u>1,400,320</u>	<u>84,804</u>	<u>12,016,183</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,284,364</u>	<u>(2,238,509)</u>	<u>107,284</u>	<u>(84,804)</u>	<u>(931,665)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	750,000	750,000
Transfers Out	(750,000)	0	0	0	(750,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(750,000)</u>	<u>0</u>	<u>0</u>	<u>750,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	534,364	(2,238,509)	107,284	665,196	(931,665)
<i>Fund Balances Beginning of Year</i>	<u>2,633,445</u>	<u>23,707,352</u>	<u>974,076</u>	<u>2,207,007</u>	<u>29,521,880</u>
<i>Fund Balances End of Year</i>	<u>\$3,167,809</u>	<u>\$21,468,843</u>	<u>\$1,081,360</u>	<u>\$2,872,203</u>	<u>\$28,590,215</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$4,830,874	\$4,944,882	\$5,095,917	\$151,035
Intergovernmental	3,431,215	3,512,192	3,627,217	115,025
Patron Fines and Fees	48,847	50,000	74,520	24,520
Contributions, Gifts and Donations	39,175	40,100	7,981	(32,119)
Earnings on Investments	263,384	269,600	137,839	(131,761)
Miscellaneous	17,585	18,000	34,903	16,903
<i>Total Receipts</i>	<u>8,631,080</u>	<u>8,834,774</u>	<u>8,978,377</u>	<u>143,603</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,983,233	3,983,233	3,676,434	306,799
Collection Development and Processing	1,714,134	1,714,134	1,582,107	132,027
Support Services:				
Facilities Operation and Maintenance	873,476	873,476	806,198	67,278
Information Services	708,499	708,499	653,928	54,571
Business Administration	1,220,901	1,220,901	1,126,864	94,037
Capital Outlay	128,114	128,114	118,246	9,868
<i>Total Disbursements</i>	<u>8,628,357</u>	<u>8,628,357</u>	<u>7,963,777</u>	<u>664,580</u>
<i>Excess of Receipts Over Disbursements</i>	2,723	206,417	1,014,600	808,183
Other Financing Uses				
Transfers Out	(841,078)	(841,078)	(750,000)	91,078
<i>Net Change in Fund Balance</i>	(838,355)	(634,661)	264,600	899,261
<i>Fund Balance Beginning of Year</i>	2,297,075	2,297,075	2,297,075	0
Prior Year Encumbrances Appropriated	336,370	336,370	336,370	0
<i>Fund Balance End of Year</i>	<u>\$1,795,090</u>	<u>\$1,998,784</u>	<u>\$2,898,045</u>	<u>\$899,261</u>

See accompanying notes to the basic financial statements

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 1 – Description of the Library and Reporting Entity

The Geauga County Public Library was organized as a county district public library in 1963 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Geauga County Commissioners and the Geauga County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, possessing and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director, Fiscal Officer, and Deputy Fiscal Officer to administer the day-to-day operations of the Library.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, “The Financial Reporting Entity: Omnibus”, the Library is considered a related organization of Geauga County.

The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax, the rate, and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must place the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library.

The Library participates in a public entity risk pool, the Stark County Schools Council of Government (“the Council”). Note 12 to the basic financial statements provides additional information for this entity.

The Friends of the Geauga County Public Library and the Geauga County Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. The Geauga County Public Library does not receive amounts from the Friends of the Geauga County Public Library or the Geauga County Library Foundation that the State would consider significant. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (“GAAP”). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (“GASB”) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library’s accounting policies are as follows.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. However, the Library has only governmental activities; therefore, no business-type activities are presented.

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

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

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Library are financed. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The following are the Library's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be 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 Improvement Fund The capital improvement fund accounts for and reports revenues derived from general obligation notes and bonds. These monies are restricted for construction and renovation of Library buildings.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Debt Service Fund The debt service fund accounts for and reports revenues derived from property taxes. These monies are restricted for debt payments.

Building and Repair Fund The building and repair capital projects fund accounts for and reports transfers from the general fund assigned for repairs to be made throughout the library system.

Basis of Accounting

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

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

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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

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For the Year Ended December 31, 2019

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

During 2019, investments were limited to STAR Ohio, donated stock, negotiable certificates of deposit, money market accounts and US Treasury Notes.

During 2019, the Library invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio 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.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2019 amounted to \$137,839, \$53,752 of which was assigned from other Library funds.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

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For the Year Ended December 31, 2019

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for grant purposes and those restricted by the donor purpose.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Library Trustees assigned fund balance to cover a gap between estimated revenue and appropriations in the 2020 appropriated budget.

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

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

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For the Year Ended December 31, 2019*

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements, and changes in fund balance – budget and actual – budgetary basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$269,764 for the general fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Library into three categories.

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

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

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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For the Year Ended December 31, 2019

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit or by savings or deposit accounts, including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, or political subdivisions of Ohio, provided that, with respect to bonds or other obligations of political subdivisions, (a) the bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision, (b) the bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer, (c) the aggregate value of the bonds or other obligations does not exceed twenty percent of interim monies available for investment at the time of purchase, and (d) the Library is not the sole purchaser of the bonds or other obligations at original issuance;
6. No-load money market mutual funds, rated in the highest category at the time of purchase by at least one nationally recognized rating agency, investing exclusively in obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio) and any other investment alternative offered to political subdivisions by the Treasurer of State;

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

8. Up to forty percent of interim monies available for investment in either commercial paper notes or bankers acceptances. Investment in commercial paper notes is limited to notes issued by an entity that is defined in section 1705.01(D) of the Ohio Revised Code and that has assets exceeding five hundred million dollars, and (a) the notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services, (b) the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporations, (c) the notes mature not later than two hundred seventy days after purchase, and (d) the investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase. Investment in bankers acceptances is limited to acceptances of banks that are insured by the FDIC and that mature not later than one hundred eighty days after purchase; and
9. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Investments

As of December 31, 2019, the Library had the following investments:

Investment	Measurement		Moody's	Percent of Total Investments
	Amount	Maturity		
STAR Ohio	\$2,695,702	Average 55.7 Days		11.04%
Money Market	18,339,870	Less Than One Year	AAA	75.14%
US Treasury Notes	2,135,624	Less Than One Year	AAA	8.75%
Negotiable Certificates of Deposit	1,235,559	Less Than One Year	N/A	5.06%
Total Portfolio	<u>\$24,406,755</u>			

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

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Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer.

Note 5 – Grants in Aid and Property 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

Property taxes include amounts levied against all real and public utility property located in the Library's taxing district. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes were levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

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The full tax rate for all Library operations for the year ended December 31, 2019, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$2,857,666,770
Public Utility Personal Property	<u>112,171,060</u>
Total	<u>\$2,969,837,830</u>

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

Tax Abatements

For 2019, The Library’s property taxes were reduced by \$14,287 under various tax abatement agreements entered into by the following subdivisions:

<u>Overlapping Government</u>	<u>Amount of 2019 Taxes Abated</u>
<i>Community Reinvestment Areas:</i>	
City of Chardon	\$9,028
Parkman Township	1,900
Village of Middlefield	3,341
Bainbridge Township	18

Note 6 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 776 and 774 members as of December 31, 2019 and 2018, respectively.

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For the Year Ended December 31, 2019

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Assets	\$15,920,504	\$15,065,412
Liabilities	<u>(11,329,011)</u>	<u>(10,734,623)</u>
Members' Equity	<u>\$4,591,493</u>	<u>\$4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Employee Health, Dental, and Vision

The Library has contracted with the Stark County Schools Council of Government (the Council) Health Benefits Program to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays 80 percent of the premium for full-time employee medical and dental coverage. Employees pay the remainder of the premium for medical and dental coverage. The following table shows the total monthly premiums for 2019:

	<u>Insurance</u>	<u>Family</u>	<u>Single</u>
Medical		\$1,932	\$795
Dental		240	97

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit /defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Geauga County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2019, the Library's contractually required contribution was \$498,353 for the traditional plan, \$10,606 for the combined plan and \$35,412 for the member-directed plan.

Note 8 – Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$10,118 for 2019.

Note 9 – Long-Term Obligations

Original issue amounts and interest rates of the Library's debt issues are as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Governmental Activities:			
<i>General Obligation Bonds:</i>			
Library Improvement Bonds, Series A	2.00 - 5.00	\$14,000,000	2047
Library Improvement Bonds, Series B	2.50 - 4.00	9,920,000	2042

A schedule of changes in bonds and other long-term obligations of the Library during 2019 follows:

	Amount Outstanding 12/31/2018	Additions	Deletions	Amount Outstanding 12/31/2019	Amounts Due In One Year
Governmental Activities Obligations:					
<i>General Obligation Bonds:</i>					
Library Improvement, Series A	\$13,720,000	\$0	(\$460,000)	\$13,260,000	\$470,000
Library Improvement, Series A - Premium	624,053	0	(22,025)	602,028	0
Library Improvement, Series A - Discount	(160,556)	0	5,667	(154,889)	0
Library Improvement, Series B	9,895,000	0	(25,000)	9,870,000	25,000
Library Improvement, Series B - Premium	281,340	0	(12,015)	269,325	0
Library Improvement, Series B - Discount	(95,400)	0	4,074	(91,326)	0
<i>Total Governmental Activities Obligations</i>	<u>\$24,264,437</u>	<u>\$0</u>	<u>(\$509,299)</u>	<u>\$23,755,138</u>	<u>\$495,000</u>

During 2018, the Library issued \$14,000,000 in Library Improvement, Series A, General Obligation Bonds for the purpose of constructing, renovating and improving library facilities. The bonds were sold at a premium of \$638,737 and a discount of \$164,334. These Library Improvement, Series A, General Obligation Bonds will be paid from property tax revenues in the debt service fund.

The Library Improvement, Series A, General Obligation Bonds maturing on December 1, 2030, 2043 and 2047 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

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Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Year	Issue		
	\$1,185,000	\$3,420,000	\$4,995,000
2027	\$600,000	\$0	\$0
2028	375,000	0	0
2029	100,000	0	0
2031	0	175,000	0
2032	0	175,000	0
2033	0	170,000	0
2034	0	175,000	0
2035	0	175,000	0
2036	0	175,000	0
2037	0	170,000	0
2038	0	170,000	0
2039	0	180,000	0
2040	0	240,000	0
2041	0	245,000	0
2042	0	240,000	0
2044	0	0	1,185,000
2045	0	0	1,225,000
2046	0	0	1,270,000
Total mandatory sinking fund payments	1,075,000	2,290,000	3,680,000
Amount due at stated maturity	110,000	1,130,000	1,315,000
Total	\$1,185,000	\$3,420,000	\$4,995,000
<i>Stated Maturity</i>	<i>12/1/2030</i>	<i>12/1/2043</i>	<i>12/1/2047</i>

During 2018, the Library issued \$9,920,000 in Library Improvement, Series B, General Obligation Bonds for the purpose of bonding previously issued notes for the purpose of constructing, renovating and improving library facilities. The bonds were sold at a premium of \$288,348 and a discount of \$97,777. These Library Improvement, Series B, General Obligation Bonds will be paid from property tax revenues in the debt service fund.

The Library Improvement, Series B, General Obligation Bonds maturing on December 1, 2028 and 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue	
	\$300,000	\$3,965,000
2026	\$25,000	\$0
2027	25,000	0
2038	0	765,000
2039	0	790,000
2040	0	765,000
2041	0	800,000
Total mandatory sinking fund payments	50,000	3,120,000
Amount due at stated maturity	250,000	845,000
Total	\$300,000	\$3,965,000
<i>Stated Maturity</i>	<i>12/1/2028</i>	<i>12/1/2042</i>

Geauga County Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Library's overall legal debt margin was \$245,236,765 at December 31, 2019. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2019, are as follows:

	General Obligation Bonds	
	Principal	Interest
2020	\$495,000	\$879,776
2021	510,000	869,750
2022	530,000	849,726
2023	550,000	828,900
2024	565,000	815,150
2025-2029	3,085,000	3,777,122
2030-2034	3,650,000	3,190,450
2035-2039	4,485,000	2,358,568
2040-2044	5,450,000	1,381,456
2045 -2047	3,810,000	279,502
Total	<u>\$23,130,000</u>	<u>\$15,230,400</u>

Note 10 – Leases

The Library leases copiers under noncancelable leases. The Library disbursed \$19,684 to pay lease costs for the year ended December 31, 2019. Future lease payments are as follows:

	Amounts
2020	\$19,684
2021	11,997
2022	1,236
2023	927
Present Value of Minimum Lease Payments	<u>\$33,844</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Public Entity Risk Pool

During 2019, the Library participated in the Stark County Schools Council of Government (the Council). The Council is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool. Financial information can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 13 – Interfund Transfers

During 2019, the general fund transferred \$750,000 to the building and repair fund to finance capital projects.

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Capital Improvements	Debt Service	Building and Repair Fund	Total Governmental Funds
<u>Restricted for:</u>					
Capital Improvement Projects	\$0	\$21,468,843	\$0	\$0	\$21,468,843
Debt Payments	0	0	1,081,360	0	1,081,360
<i>Total Restricted</i>	<u>0</u>	<u>21,468,843</u>	<u>1,081,360</u>	<u>0</u>	<u>22,550,203</u>
<u>Assigned to:</u>					
Capital Improvement Projects	0	0	0	2,872,203	2,872,203
Purchases on Order:					
Library Services	178,127	0	0	0	178,127
Support Services	87,632	0	0	0	87,632
Capital Outlay	4,005	0	0	0	4,005
2020 Operations	256,725	0	0	0	256,725
<i>Total Assigned</i>	<u>526,489</u>	<u>0</u>	<u>0</u>	<u>2,872,203</u>	<u>3,398,692</u>
Unassigned	<u>2,641,320</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,641,320</u>
Total Fund Balances	<u><u>\$3,167,809</u></u>	<u><u>\$21,468,843</u></u>	<u><u>\$1,081,360</u></u>	<u><u>\$2,872,203</u></u>	<u><u>\$28,590,215</u></u>

Note 15 – Change in Accounting Principles

For 2019, the Library implemented GASB Statements No. 84, *Fiduciary Activities* and No. 88, *Certain Disclosures Related Debt, Including Direct Borrowings and Direct Placements*.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. These changes were incorporated in the Library’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when discussing information related to debt. These changes were incorporated in the Library’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

For 2019, the Library also implemented the Governmental Accounting Standards Board's *Implementation Guide No. 2017-2*. These changes were incorporated in the Library's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Note 16 – Significant Commitments

Contractual Commitments

At December 31, 2019, the Library's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid to Date</u>	<u>Remaining Contract</u>
Donley's Inc - Library Construction	\$16,273,589	\$1,646,061	\$14,627,528
Teltron Design Group - Library Construction Design Fees	146,443	0	146,443
Library Design Associates - Library Construction Design Fees	68,374	63,672	4,702
CBLH Architects - Library Construction Architect	<u>2,616,848</u>	<u>2,209,746</u>	<u>407,102</u>
Total	<u>\$19,105,254</u>	<u>\$3,919,479</u>	<u>\$15,185,775</u>

The amounts remaining on these contracts were encumbered at year end.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General	\$269,764
Capital Improvement	15,292,156
Building and Repair Fund	<u>49,745</u>
Total Governmental	<u>\$15,611,665</u>

Geauga County Public Library
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Management's Discussion and Analysis
For the Year December 31, 2018
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The management's discussion and analysis of the Geauga County Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2018, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2018 are as follows:

- During 2018, total net position increased as receipts continued to exceed disbursements, mainly due to unspent proceeds from issuing new debt for library improvements.
- Total disbursements increased in 2018 mainly due to the Library spending more on support services as well as the Library paying down debt.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the governmental-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2018
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Basis of Accounting

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable), and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2018, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as property taxes and Public Library Fund (PLF).

In the statement of net position and the statement of activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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Geauga County
Management's Discussion and Analysis
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Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Governmental Funds The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's major governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the general fund, the capital improvement fund and the debt service fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2018 compared to 2017 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2018	2017	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$29,521,880	\$14,446,643	\$15,075,237
Net Position			
Restricted for:			
Capital Projects	\$23,707,352	\$9,969,915	\$13,737,437
Debt Service	974,076	41,700	932,376
Unrestricted	4,840,452	4,435,028	405,424
<i>Total Net Position</i>	\$29,521,880	\$14,446,643	\$15,075,237

During 2018, total net position increased as receipts continued to exceed disbursements, mainly due to unspent proceeds from issuing new debt for Library improvements.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2018
Unaudited

Table 2 reflects the changes in net position in 2018 compared to 2017 on a cash basis:

(Table 2)
Change in Net Position

	Governmental Activities		
	2018	2017	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$69,615	\$81,006	(\$11,391)
<i>General Receipts</i>			
Property Taxes	6,492,399	5,046,508	1,445,891
Unrestricted Gifts and Contributions	68,379	20,885	47,494
Grants and Entitlements not Restricted to Specific Programs	3,550,229	3,418,201	132,028
General Obligation Bonds Issued	23,920,000	0	23,920,000
General Obligation Notes Issued	0	10,000,000	(10,000,000)
Premium on Debt Issue	927,085	41,700	885,385
Earnings on Investments	502,281	26,659	475,622
Miscellaneous	38,234	75,594	(37,360)
<i>Total General Receipts</i>	35,498,607	18,629,547	16,869,060
<i>Total Receipts</i>	35,568,222	18,710,553	16,857,669
Disbursements			
Current:			
Library Services:			
Public Services and Programs	3,574,309	3,631,878	(57,569)
Collection Development and Processing	1,662,087	1,900,192	(238,105)
Support Services:			
Facilities Operation and Maintenance	1,444,387	839,829	604,558
Information Services	571,166	575,173	(4,007)
Business Administration	1,110,773	1,107,629	3,144
Capital Outlay	619,642	177,618	442,024
Debt Service:			
Principal Retirement	10,305,000	0	10,305,000
Interest and Fiscal Charges	630,811	0	630,811
Issuance Costs	312,699	0	312,699
Discount on Debt Issue	262,111	0	262,111
<i>Total Disbursements</i>	20,492,985	8,232,319	12,260,666
Change in Net Position	15,075,237	10,478,234	4,597,003
Net Position Beginning of Year	14,446,643	3,968,409	10,478,234
Net Position End of Year	\$29,521,880	\$14,446,643	\$15,075,237

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General obligation bonds issued increased in 2018 as the Library issued bonds for library improvements. Property taxes and grants and entitlements not restricted to specific programs for 2018 are 28.2 percent of total receipts. Property taxes increased due to 2018 being the first year of receipts from the new .50 mill bond levy. Interest receipts increased during 2018 due to higher interest rates and increased cash balances.

Disbursements for library services represent the costs of running the Library. Disbursements for support services represent the overhead costs of running the library and the support services provided for the other library activities. Disbursements for capital outlay represent costs for capital projects for the Library. Total disbursements increased in 2018, mainly due to the Library spending more on support services as well as paying down debt.

Governmental Activities

If you look at the statement of activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are library services, support services, and capital outlay. The next two columns of the statement, under 'Program Cash Receipts,' identify amounts paid by those who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The 'Net (Disbursements) Receipts and Changes in Net Position' column compares the program receipts to the cost of the services. This net cost amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Disbursements				
Current:				
Library Services:				
Public Services and Programs	\$3,574,309	\$3,504,694	\$3,631,878	\$3,550,872
Collection Development and Processing	1,662,087	1,662,087	1,900,192	1,900,192
Support Services:				
Facilities Operation and Maintenance	1,444,387	1,444,387	839,829	839,829
Information Services	571,166	571,166	575,173	575,173
Business Administration	1,110,773	1,110,773	1,107,629	1,107,629
Capital Outlay	619,642	619,642	177,618	177,618
Debt Service	11,248,510	11,248,510	0	0
<i>Total Disbursements</i>	\$20,230,874	\$20,161,259	\$8,232,319	\$8,151,313

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Geauga County
Management's Discussion and Analysis
For the Year December 31, 2018
Unaudited

The Library's Funds

Total governmental funds had receipts in 2018 of \$10,721,137 and disbursements of \$20,230,874. The fund balance of the general fund increased \$23,115 in 2018, primarily due to the new debt issuances. The fund balance of the capital improvement fund increased \$13,737,437 in 2018 primarily due to unspent debt proceeds. The fund balance of the debt service fund increased \$932,376 primarily due to unspent debt proceeds.

General Fund Budgeting Highlights

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

During 2018, the Library's general fund budget was stable. Actual receipts were higher than final budgeted receipts, primarily due to higher than expected property and other local tax receipts as well as increases from the Public Library Fund. Final disbursements and other financing uses for 2018 were budgeted at \$9,324,728, while actual disbursements were \$8,762,202. Maintaining actual disbursements below projected levels allowed the Library to minimize cash decreases to the general fund during this period.

Debt Administration

At December 31, 2018, the Library had Library Improvement Bonds and equipment leases. See Notes 9, 10 and 11 for additional information.

Current Issues

The Library is in the planning stages for two branch renovation projects with a current preliminary estimated cost of \$1.6 million. The renovation projects are expected to be bid out in the spring of 2019 and work is expected to be completed by the end of 2019.

The Library is also in the process of planning two new library branches with an estimated cost of \$20.5 million. The construction projects are expected to be bid out in the spring of 2019 with construction completed by the fall of 2020.

The challenge for all Ohio libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Havlin, Fiscal Officer, Geauga County Public Library, 12701 Ravenwood Drive, Chardon, Ohio 44024.

Geauga County Public Library
Geauga County
Statement of Net Position - Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$29,521,880</u>
Net Position	
Restricted for:	
Capital Projects	\$23,707,352
Debt Service	974,076
Unrestricted	<u>4,840,452</u>
<i>Total Net Position</i>	<u>\$29,521,880</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	\$3,574,309	\$69,615	(\$3,504,694)
Collection Development and Processing	1,662,087	0	(1,662,087)
Support Services:			
Facilities Operation and Maintenance	1,444,387	0	(1,444,387)
Information Services	571,166	0	(571,166)
Business Administration	1,110,773	0	(1,110,773)
Capital Outlay	619,642	0	(619,642)
Debt Service:			
Principal Retirement	10,305,000	0	(10,305,000)
Interest and Fiscal Charges	630,811	0	(630,811)
Issuance Costs	312,699	0	(312,699)
<i>Total Governmental Activities</i>	<u>\$20,230,874</u>	<u>\$69,615</u>	<u>(20,161,259)</u>
General Receipts:			
Property Taxes Levied for General Purposes			6,492,399
Unrestricted Gifts and Contributions			68,379
Grants and Entitlements not Restricted to Specific Programs			3,550,229
Bonds Issued			23,920,000
Premium on Debt Issue			927,085
Discount on Debt Issue			(262,111)
Earnings on Investments			502,281
Miscellaneous			38,234
<i>Total General Receipts and Contributions to Permanent Fund</i>			<u>35,236,496</u>
Change in Net Position			15,075,237
<i>Net Position Beginning of Year</i>			<u>14,446,643</u>
<i>Net Position End of Year</i>			<u>\$29,521,880</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2018

	General	Capital Improvement	Debt Service	Other Governmental Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,633,445	\$23,707,352	\$974,076	\$2,207,007	\$29,521,880
Fund Balances					
Restricted	\$0	\$23,707,352	\$974,076	\$0	\$24,681,428
Assigned	634,661	0	0	2,207,007	2,841,668
Unassigned	1,998,784	0	0	0	1,998,784
<i>Total Fund Balances</i>	<u>\$2,633,445</u>	<u>\$23,707,352</u>	<u>\$974,076</u>	<u>\$2,207,007</u>	<u>\$29,521,880</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Capital Improvement	Debt Service	Other Governmental Fund	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$5,048,193	\$0	\$1,444,206	\$0	\$6,492,399
Intergovernmental	3,521,546	0	28,683	0	3,550,229
Patron Fines and Fees	69,615	0	0	0	69,615
Contributions, Gifts and Donations	68,379	0	0	0	68,379
Earnings on Investments	71,011	421,602	9,668	0	502,281
Miscellaneous	38,234	0	0	0	38,234
<i>Total Receipts</i>	<u>8,816,978</u>	<u>421,602</u>	<u>1,482,557</u>	<u>0</u>	<u>10,721,137</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	3,574,309	0	0	0	3,574,309
Collection Development and Processing	1,662,087	0	0	0	1,662,087
Support Services:					
Facilities Operation and Maintenance	849,568	522,242	0	72,577	1,444,387
Information Services	571,166	0	0	0	571,166
Business Administration	1,089,872	0	20,901	0	1,110,773
Capital Outlay	412,247	162,281	0	45,114	619,642
Debt Service:					
Principal Retirement	134,256	0	10,170,744	0	10,305,000
Interest and Fiscal Charges	0	0	630,811	0	630,811
Issuance Costs	132,327	180,372	0	0	312,699
<i>Total Disbursements</i>	<u>8,425,832</u>	<u>864,895</u>	<u>10,822,456</u>	<u>117,691</u>	<u>20,230,874</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>391,146</u>	<u>(443,293)</u>	<u>(9,339,899)</u>	<u>(117,691)</u>	<u>(9,509,737)</u>
Other Financing Sources (Uses)					
Bonds Issued	0	14,000,000	9,920,000	0	23,920,000
Premium on Debt Issue	229,746	345,064	352,275	0	927,085
Discount on Debt Issue	(97,777)	(164,334)	0	0	(262,111)
Transfers In	0	0	0	500,000	500,000
Transfers Out	(500,000)	0	0	0	(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(368,031)</u>	<u>14,180,730</u>	<u>10,272,275</u>	<u>500,000</u>	<u>24,584,974</u>
<i>Net Change in Fund Balances</i>	23,115	13,737,437	932,376	382,309	15,075,237
<i>Fund Balances Beginning of Year</i>	<u>2,610,330</u>	<u>9,969,915</u>	<u>41,700</u>	<u>1,824,698</u>	<u>14,446,643</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,633,445</u></u>	<u><u>\$23,707,352</u></u>	<u><u>\$974,076</u></u>	<u><u>\$2,207,007</u></u>	<u><u>\$29,521,880</u></u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$4,944,881	\$4,944,881	\$5,048,193	\$103,312
Intergovernmental	3,308,499	3,308,499	3,521,546	213,047
Patron Fines and Fees	100,000	100,000	69,615	(30,385)
Contributions, Gifts and Donations	25,000	25,000	68,379	43,379
Earnings on Investments	15,600	15,600	71,011	55,411
Miscellaneous	18,000	18,000	38,234	20,234
<i>Total Receipts</i>	<u>8,411,980</u>	<u>8,411,980</u>	<u>8,816,978</u>	<u>404,998</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,860,109	3,951,254	3,721,661	229,593
Collection Development and Processing	1,794,986	1,837,370	1,730,608	106,762
Support Services:				
Facilities Operation and Maintenance	917,499	939,163	884,592	54,571
Information Services	616,836	631,401	594,713	36,688
Business Administration	1,177,017	1,204,809	1,134,803	70,006
Capital Outlay	445,210	455,722	429,242	26,480
Debt Service:				
Principal Retirement	144,991	148,415	134,256	14,159
Interest and Fiscal Charges	150,726	156,594	132,327	24,267
<i>Total Disbursements</i>	<u>9,107,374</u>	<u>9,324,728</u>	<u>8,762,202</u>	<u>562,526</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(695,394)</u>	<u>(912,748)</u>	<u>54,776</u>	<u>967,524</u>
Other Financing Sources (Uses)				
Premium on Debt Issue	0	0	229,746	229,746
Discount on Debt Issue	(97,777)	(97,777)	(97,777)	0
Transfers Out	(539,980)	(552,730)	(500,000)	52,730
<i>Total Other Financing Sources (Uses)</i>	<u>(637,757)</u>	<u>(650,507)</u>	<u>(368,031)</u>	<u>282,476</u>
<i>Net Change in Fund Balance</i>	(1,333,151)	(1,563,255)	(313,255)	1,250,000
<i>Fund Balance Beginning of Year</i>	1,844,311	1,844,311	1,844,311	0
Prior Year Encumbrances Appropriated	766,019	766,019	766,019	0
<i>Fund Balance End of Year</i>	<u>\$1,277,179</u>	<u>\$1,047,075</u>	<u>\$2,297,075</u>	<u>\$1,250,000</u>

See accompanying notes to the basic financial statements

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 1 – Description of the Library and Reporting Entity

The Geauga County Public Library was organized as a county district public library in 1963 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Geauga County Commissioners and the Geauga County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, possessing and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director, Fiscal Officer, and Deputy Fiscal Officer to administer the day-to-day operations of the Library.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, “The Financial Reporting Entity: Omnibus”, the Library is considered a related organization of Geauga County.

The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax, the rate, and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must place the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library.

The Library participates in a public entity risk pool, the Stark County Schools Council of Government (“the Council”). Note 13 to the basic financial statements provides additional information for this entity.

The Friends of the Geauga County Public Library and the Geauga County Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. The Geauga County Public Library does not receive amounts from the Friends of the Geauga County Public Library or the Geauga County Library Foundation that the State would consider significant. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (“GAAP”). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (“GASB”) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library’s accounting policies are as follows.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. However, the Library has only governmental activities; therefore, no business-type activities are presented.

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

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

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds Governmental funds are those through which most governmental functions of the Library are financed. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The following are the Library's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be 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 Improvement Fund The capital improvement fund accounts for and reports revenues derived from general obligation notes and bonds. These monies are restricted for construction and renovation of Library buildings.

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Debt Service Fund The debt service fund accounts for and reports revenues derived from property taxes. These monies are restricted for debt payments.

Basis of Accounting

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

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

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the Library's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Library are presented on the financial statements as cash equivalents.

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

During 2018, the Library invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio 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.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2018 amounted to \$71,011, \$44,805 of which was assigned from other Library funds.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for grant purposes and those restricted by the donor purpose.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Library Trustees assigned fund balance to cover a gap between estimated revenue and appropriations in the fiscal year 2019 appropriated budget.

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

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements, and changes in fund balance – budget and actual – budgetary basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$336,370 for the general fund.

Note 4 – Deposits and Investments

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

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

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

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

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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

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

At year end, the Library had \$675 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Investments

Investments are reported at fair value. As of December 31, 2018, the Library had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
STAR Ohio	\$639,742	Average 44.9 Days	Aaa	N/A
Fair Value - Level Two Inputs:				
U.S. Treasury Bills	19,435,162	Less than two years	N/A	79.10%
Money Market Governmental Obligations	1,560,088	Various	Aaa	6.35%
Negotiable Certificates of Deposit	2,935,948	Less than two years	N/A	11.95%
Total Portfolio	<u>\$24,570,940</u>			

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Library's recurring fair value measurements as of December 31, 2018. The Library's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

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

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer.

Note 5 – Grants in Aid and Property 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

Property taxes include amounts levied against all real and public utility property located in the Library's taxing district. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

The full tax rate for all Library operations for the year ended December 31, 2018, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$2,834,718,080
Public Utility Personal Property	<u>101,880,200</u>
Total	<u><u>\$2,936,598,280</u></u>

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

Tax Abatements

For 2018, The Library’s property taxes were reduced by \$13,611 under various tax abatement agreements entered into by the following subdivisions:

<u>Overlapping Government</u>	<u>Amount of 2018 Taxes Abated</u>
<i>Community Reinvestment Areas:</i>	
City of Chardon	\$9,151
Parkman Township	2,314
Village of Middlefield	2,128
Bainbridge Township	18

Note 6 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 764 members as of December 31, 2018 and 2017, respectively.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Assets	\$15,065,412	\$14,853,620
Liabilities	<u>(10,734,623)</u>	<u>(9,561,108)</u>
Members' Equity	<u>\$4,330,789</u>	<u>\$5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Employee Health, Dental, and Vision

The Library has contracted with the Stark County Schools Council of Government (the Council) Health Benefits Program to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays 80 percent of the premium for full-time employee medical and dental coverage. Employees pay the remainder of the premium for medical and dental coverage. The following table shows the total monthly premiums for 2018:

	<u>Insurance</u>	<u>Family</u>	<u>Single</u>
Medical		\$1,899	\$782
Dental		245	99

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit /defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Geauga County Public Library

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
FY 2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
FY 2018 Actual Contribution Rates	
Employer (July 1, 2017 - December 31, 2017):	
Pension	13.0 %
Post-employment Health Care Benefits **	1.0
Total Employer	<u>14.0 %</u>
Employer (Effective January 1, 2018):	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2018, the Library's contractually required contribution was \$516,095 for the traditional plan, and \$24,125 for the member-directed plan.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' financial report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to

Geauga County Public Library

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$9,650 for 2018.

Note 9 - Note Debt

The Library's note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
2017 GO Bond Anticipation Note	\$10,000,000	\$0	\$10,000,000	\$0

In 2017, the Library issued \$10,000,000 in general obligation bond anticipation notes at an interest rate of 1.41 percent. These notes were bonded on May 17, 2018. The notes were issued for Library improvements.

Note 10 – Leases

The Library leases copiers under noncancelable leases. The Library disbursed \$20,232 to pay lease costs for the year ended December 31, 2018. Future lease payments are as follows:

	Amounts
2019	\$19,684
2020	19,684
2021	11,998
2022	1,236
2023	927
Present Value of Minimum Lease Payments	\$53,529

Note 11 – Long-Term Obligations

Original issue amounts and interest rates of the Library's debt issues are as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Governmental Activities:			
<i>General Obligation Bonds:</i>			
Library Improvement Bonds, Series A	2.00 - 5.00	\$14,000,000	2047
Library Improvement Bonds, Series B	2.50 - 4.00	9,920,000	2042

Geauga County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

A schedule of changes in bonds and other long-term obligations of the Library during 2018 follows:

	Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due In One Year
Governmental Activities Obligations:					
<i>General Obligation Bonds</i>					
Library Improvement, Series A	\$0	\$14,000,000	(\$280,000)	\$13,720,000	\$460,000
Library Improvement, Series A - Premium	0	638,737	(14,684)	624,053	0
Library Improvement, Series A - Discount	0	(164,334)	3,778	(160,556)	0
Library Improvement, Series B	0	9,920,000	(25,000)	9,895,000	25,000
Library Improvement, Series B - Premium	0	288,348	(7,008)	281,340	0
Library Improvement, Series B - Discount	0	(97,777)	2,377	(95,400)	0
<i>Total Governmental Activities Obligations</i>	\$0	\$24,584,974	(\$320,537)	\$24,264,437	\$485,000

During 2018, the Library issued \$14,000,000 in Library Improvement, Series A, General Obligation Bonds for library improvements. The bonds were sold at a premium of \$638,737 and a discount of \$164,334. These Library Improvement, Series A, General Obligation bonds will be paid with revenues from the capital improvement capital projects fund.

The Library Improvement, Series A, General Obligation Bonds maturing on December 1, 2030, 2043 and 2047 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue		
	\$1,185,000	\$3,420,000	\$4,995,000
2027	\$600,000	\$0	\$0
2028	375,000	0	0
2029	100,000	0	0
2031	0	175,000	0
2032	0	175,000	0
2033	0	170,000	0
2034	0	175,000	0
2035	0	175,000	0
2036	0	175,000	0
2037	0	170,000	0
2038	0	170,000	0
2039	0	180,000	0
2040	0	240,000	0
2041	0	245,000	0
2042	0	240,000	0
2044	0	0	1,185,000
2045	0	0	1,225,000
2046	0	0	1,270,000
Total mandatory sinking fund payments	1,075,000	2,290,000	3,680,000
Amount due at stated maturity	110,000	1,130,000	1,315,000
Total	\$1,185,000	\$3,420,000	\$4,995,000
<i>Stated Maturity</i>	<i>12/1/2030</i>	<i>12/1/2043</i>	<i>12/1/2047</i>

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

During 2018, the Library issued \$9,920,000 in Library Improvement, Series B, General Obligation Bonds for the purpose of bonding previously issued notes. The bonds were sold at a premium of \$288,348 and a discount of \$97,777. These Library Improvement, Series B, General Obligation bonds will be paid with revenues from the debt service fund.

The Library Improvement, Series B, General Obligation Bonds maturing on December 1, 2028 and 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue	
	\$300,000	\$3,965,000
2026	\$25,000	\$0
2027	25,000	0
2038	0	765,000
2039	0	790,000
2040	0	765,000
2041	0	800,000
Total mandatory sinking fund payments	50,000	3,120,000
Amount due at stated maturity	250,000	845,000
Total	\$300,000	\$3,965,000
<i>Stated Maturity</i>	<i>12/1/2028</i>	<i>12/1/2042</i>

The Library's overall legal debt margin was \$241,652,921 at December 31, 2018. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018, are as follows:

	General Obligation Bonds	
	Principal	Interest
2019	\$485,000	\$894,200
2020	495,000	879,776
2021	510,000	869,750
2022	530,000	849,726
2023	550,000	828,900
2024-2028	3,000,000	3,876,098
2029-2033	3,510,000	3,329,824
2034-2038	4,305,000	2,536,550
2039-2043	5,235,000	1,599,206
2044 -2047	4,995,000	460,570
Total	\$23,615,000	\$16,124,600

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 13 – Public Entity Risk Pool

The Stark County Schools Council of Government (the Council) is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool. Financial information can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

Note 14 – Interfund Transfers

During 2018, the general fund transferred \$500,000 to the building and repair fund to finance capital projects.

Note 15 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Capital Improvements	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Restricted for:</u>					
Capital Improvement Projects	\$0	\$23,707,352	\$0	\$0	\$23,707,352
Debt Payments	0	0	974,076	0	974,076
<i>Total Restricted</i>	<u>0</u>	<u>23,707,352</u>	<u>974,076</u>	<u>0</u>	<u>24,681,428</u>
<u>Assigned to:</u>					
Capital Improvement Projects	0	0	0	2,207,007	2,207,007
Purchases on Order:					
Supplies	3,798	0	0	0	3,798
Purchased Services	189,021	0	0	0	189,021
Library Materials and Information	115,514	0	0	0	115,514
Capital Outlay	28,037	0	0	0	28,037
Fiscal Year 2019 Operations	298,291	0	0	0	298,291
<i>Total Assigned</i>	<u>634,661</u>	<u>0</u>	<u>0</u>	<u>2,207,007</u>	<u>2,841,668</u>
Unassigned	1,998,784	0	0	0	1,998,784
Total Fund Balances	<u><u>\$2,633,445</u></u>	<u><u>\$23,707,352</u></u>	<u><u>\$974,076</u></u>	<u><u>\$2,207,007</u></u>	<u><u>\$29,521,880</u></u>

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 16 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General	\$336,370
Capital Improvement	1,301,156
Other Governmental Funds	<u>21,998</u>
Total Governmental	<u>\$1,659,524</u>

Note 17 – Change in Basis of Accounting

In 2017, the Library reported fund financials statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. For the fiscal year 2018, the Library has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column rather than in a column for each fund type. The General, Debt Service and Capital Projects fund balance at December 31, 2017 of \$14,446,643 was combined for the December 31, 2017 governmental activity balance.

OHIO AUDITOR OF STATE KEITH FABER



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

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library 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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Geauga County Public Library, Geauga County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated January 5, 2021, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the Library elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards* for the year ended December 31, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2021

OHIO AUDITOR OF STATE KEITH FABER



GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/21/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov