

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY

GUERNSEY COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Board of Trustees
Guernsey County District Public Library
63500 Byesville Road
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Guernsey County District Public Library, Guernsey County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Guernsey County District Public Library is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 23, 2020

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**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Guernsey County District Public Library
Guernsey County
63500 Byesville Road
Cambridge, Ohio 43725

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Guernsey County District Public Library, Guernsey County, Ohio (the Library) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Guernsey County District Public Library, Guernsey County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measure will impact subsequent periods of the Library. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2020, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 5, 2020

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 757,415	\$ -	\$ 757,415
Public Library	1,338,310	-	1,338,310
Intergovernmental	67,849	-	67,849
Patron Fines and Fees	3,260	-	3,260
Contributions, Gifts, and Donations	3,463	-	3,463
Earnings on Investments	13,040	-	13,040
Miscellaneous	16,548	-	16,548
<i>Total Cash Receipts</i>	<u>2,199,885</u>	<u>-</u>	<u>2,199,885</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	811,091	-	811,091
Collection Development and Processing	234,722	-	234,722
Support Services:			
Facilities Operation and Maintenance	235,352	-	235,352
Information Services	125,990	-	125,990
Business Administration	376,378	-	376,378
Capital Outlay	82,097	53,820	135,917
<i>Total Cash Disbursements</i>	<u>1,865,630</u>	<u>53,820</u>	<u>1,919,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	334,255	(53,820)	280,435
<i>Fund Cash Balances, January 1</i>	<u>1,274,690</u>	<u>1,290,236</u>	<u>2,564,926</u>
Fund Cash Balances, December 31			
Restricted	-	1,236,416	1,236,416
Assigned	1,152,403	-	1,152,403
Unassigned	456,542	-	456,542
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,608,945</u>	<u>\$ 1,236,416</u>	<u>\$ 2,845,361</u>

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

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Guernsey County District Public Library (the Library), Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County Commissioners and the Court of Common Pleas Judge appoints a 7 member Board of trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library serves the community by providing general information and answers to questions on a broad array of topics related to work, school and personal life. A wide selection of current popular library material is available in a variety of formats. The Library offers opportunities for citizens of all ages to learn more about the personal and cultural heritage of their community and to learn about the cultures of others. The Library offers adequate facilities for providing library information, services and materials to meet the needs of citizens in the 21st century. The Library serves the entire county through outreach services such as the homebound delivery program.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

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

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Building & Repair Fund – Resources specifically for any major capital improvements.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Board or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Note 3 – Compliance

Contrary to Ohio law, the Library did not always certify the availability of funds prior to purchase commitment.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,037,966	\$ 2,199,885	\$ 161,919
Capital Projects	-	-	-

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,100,863	\$ 1,888,083	\$ 1,212,780
Capital Projects	1,290,236	53,820	1,236,416

Note 5 – Deposits and Investments

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

	2019
Demand Deposits	\$2,845,361

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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 repayment of all public monies deposited in the financial institution.

Note 6 – Grants in Aid and Taxes

Grants in Aid

The primary source of revenue of 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.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 6 – Grants in Aid and Taxes (Continued)

Property Taxes

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

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

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

Note 7 – Risk Management

Workers' Compensation

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

Commercial Insurance

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.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 7 – Risk Management (Continued)

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% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100% 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 members as of December 31, 2018 (the latest information available).

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018,

Assets	\$15,065,412
Liabilities	(10,734,623)
Net Position	\$ 4,330,789

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

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates, OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants’ gross salaries. The Library has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Note 10 – Construction and Contractual Commitments

The Library paid a 30% deposit on a sprinter Bookmobile, with a balance expected to be paid in 2020.

Note 11 – Subsequent event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

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

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 740,740	\$ -	\$ 740,740
Public Library	1,284,694	-	1,284,694
Intergovernmental	70,700	-	70,700
Patron Fines and Fees	7,599	-	7,599
Contributions, Gifts, and Donations	705	-	705
Earnings on Investments	7,690	-	7,690
Miscellaneous	19,822	-	19,822
<i>Total Cash Receipts</i>	<u>2,131,950</u>	<u>-</u>	<u>2,131,950</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	740,798	-	740,798
Collection Development and Processing	214,848	-	214,848
Support Services:			
Facilities Operation and Maintenance	234,654	-	234,654
Information Services	180,572	-	180,572
Business Administration	358,074	-	358,074
Capital Outlay	137,792	-	137,792
<i>Total Cash Disbursements</i>	<u>1,866,738</u>	<u>-</u>	<u>1,866,738</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	265,212	-	265,212
<i>Fund Cash Balances, January 1</i>	<u>1,009,478</u>	<u>1,290,236</u>	<u>2,299,714</u>
Fund Cash Balances, December 31			
Restricted	-	1,290,236	1,290,236
Assigned	1,062,897	-	1,062,897
Unassigned	211,793	-	211,793
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,274,690</u>	<u>\$ 1,290,236</u>	<u>\$ 2,564,926</u>

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

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Guernsey County District Public Library (the Library), Guernsey County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County Commissioners and the Court of Common Pleas Judge appoints a 7 member Board of trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library serves the community by providing general information and answers to questions on a broad array of topics related to work, school and personal life. A wide selection of current popular library material is available in a variety of formats. The Library offers opportunities for citizens of all ages to learn more about the personal and cultural heritage of their community and to learn about the cultures of others. The Library offers adequate facilities for providing library information, services and materials to meet the needs of citizens in the 21st century. The Library serves the entire county through outreach services such as the homebound delivery program.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

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

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Building & Repair Fund – Resources specifically for any major capital improvements.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts or disbursements, respectively. Currently, the Library has no investments.

Capital Assets

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

Accumulated Leave

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

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Board or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Note 3 – Compliance

Contrary to Ohio law, the Library did not always certify the availability of funds prior to purchase commitment.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 4 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,021,785	\$ 2,131,950	\$ 110,165
Capital Projects	-	-	-

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,029,266	\$ 1,895,250	\$ 1,134,016
Capital Projects	1,290,236	-	1,290,236

Note 5 – Deposits and Investments

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

	2018
Demand Deposits	\$2,564,926

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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 repayment of all public monies deposited in the financial institution.

Note 6 – Grants in Aid and Taxes

Grants in Aid

The primary source of revenue of 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.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 6 – Grants in Aid and Taxes (Continued)

Property Taxes

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

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

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

Note 7 – Risk Management

Workers' Compensation

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

Commercial Insurance

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.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 7 – Risk Management (Continued)

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% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (the latest information available).

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 equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates, OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Note 9 – Postemployment Benefits

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

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

Guernsey County District Public Library
Guernsey County
63500 Byesville Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Guernsey County District Public Library, Guernsey County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 5, 2020, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2019-001 and 2019-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2019-002.

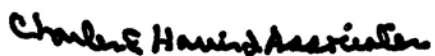
We noted certain other matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 5, 2020.

Library's Responses to Findings

The Library's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Library's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 5, 2020

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001 – Material Weakness

Posting of Receipts and Fund Balances

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be posted properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54.

During 2019 and 2018, receipts and fund balances were not always posted correctly. The following posting errors were noted:

- A receipt received as Intergovernmental was posted to Property Taxes and Other Local Taxes in 2018;
- Amounts received as Property Taxes and Other Local Taxes were posted to Intergovernmental in 2018;
- Fund balance for General Fund was misclassified as Assigned instead of Unassigned in 2019 and 2018.

Not posting receipts and fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code, GASB Statement 54 and Auditor of State guidance to determine the account classifications. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Managements' Response – See Corrective Action Plan

FINDING NUMBER 2019-002 –Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002 –Noncompliance (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The library may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Library did not properly certify the availability of funds prior to purchase commitment for 26% of the expenditures tested for 2019 and for 41% of the expenditures tested for 2018.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Library's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Library. When prior certification is not possible, "then and now" certification should be used.

Managements' Response – See Corrective Action Plan

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-003 – Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare an accurate bank reconciliation at December 31, 2018. A bank transfer from the Finance Bank account to the Payroll Account was considered outstanding for reconciliation purposes but actually cleared prior to year-end. This discrepancy caused cash to be understated by a material amount. The financial statements reflect the proper fund balances at year-end.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total accounting system balance. Copies of bank reconciliations should be presented to the Library Board of Trustees for review, approval, and use in managing the Library. The Fiscal Officer should reconcile activity entered in the accounting system to the bank balance and errors should be corrected in a timely manner.

Managements' Response – See Corrective Action Plan

**GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY
GUERNSEY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	ORC 5705.14 – Unallowable transfer between funds	Corrected	N/A
2017-002	Posting receipts and fund balances	Not corrected	



GUERNSEY COUNTY PUBLIC LIBRARY

www.guernseycountylibrary.org



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Cambridge Ohio 43725
(740)432-5946
Fax (740) 868-1089



Crossroads Branch
63500 Byesville Rd
Cambridge Ohio 43725
(740) 432-7536
Fax (740) 868-1038



Byesville Branch
100 Glass Ave
Byesville Ohio 43723
(740) 685-2236
Fax (740) 868-1446

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2019-001	I had correctly posted the receipts in 2019. I will refer to AOS Bulletin 2011-004 for assistance in classifying fund balances.	Immediately	Jennifer Jacobs, Fiscal Officer
2019-002	The purchase order process has improved since I started. I've contacted CMI, and they suggested ways to handle a "then and now" certification.	Immediately	Jennifer Jacobs, Fiscal Officer
2019-003	Bank reconciliations are now done as close as possible to the beginning of every month.	Immediately	Jennifer Jacobs, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



GUERNSEY COUNTY DISTRICT PUBLIC LIBRARY

GUERNSEY 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 8/4/2020

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