



Dave Yost • Auditor of State

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY
DECEMBER 31, 2017 AND 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis, December 31, 2017	3
Statement of Activities – Modified Cash Basis, December 31, 2017	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis	
Governmental Funds – December 31, 2017	5
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis	
Governmental Funds, For the Year Ended December 31, 2017	6
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis	
General Fund For the Year Ended December 31, 2017	7
Notes to the Basic Financial Statements for the Year Ended December 31, 2017	9
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis, December 31, 2016	25
Statement of Activities – Modified Cash Basis, December 31, 2016	26
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis	
Governmental Funds – December 31, 2016	27
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis	
Governmental Funds, For the Year Ended December 31, 2016	28
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis	
General Fund For the Year Ended December 31, 2016	29
Notes to the Basic Financial Statements for the Year Ended December 31, 2016	31
Independent Auditor's Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i>	47
Schedule of Findings	49
Prepared by Management:	
Summary Schedule of Prior Audit Findings	53

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Greene County Public Library
Greene County
76 East Market Street
P.O. Box 520
Xenia, Ohio 45385

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Public Library, Greene County, Ohio (the Library), as of and for the years ended December 31, 2017 and 2016, 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 modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Public Library, Greene County, Ohio, as of December 31, 2017 and 2016, and the respective changes in modified 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 modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019, 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

February 20, 2019

Greene County Public Library
Greene County
Statement of Net Position - Modified Cash Basis
December 31, 2017

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$963,069
Investments	<u>5,153,674</u>
<i>Total Assets</i>	<u><u>\$6,116,743</u></u>
Net Position	
Restricted for:	
Special Revenue	\$34,362
Permanent Fund Purpose:	
Expendable	56,546
Nonexpendable	28,817
Unrestricted	<u>5,997,018</u>
<i>Total Net Position</i>	<u><u>\$6,116,743</u></u>

See accompanying notes to the basic financial statements

Greene County Public Library
Greene County
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2017

	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$672,431	\$185,166	\$86,622	\$18,850	\$963,069
Investments	3,598,379	990,878	463,542	100,875	5,153,674
<i>Total Assets</i>	<u>\$4,270,810</u>	<u>\$1,176,044</u>	<u>\$550,164</u>	<u>\$119,725</u>	<u>\$6,116,743</u>
Fund Balances					
Nonspendable				\$28,817	\$28,817
Restricted				\$90,908	90,908
Committed	\$94,599	\$23,961	\$32,828		151,388
Assigned	1,906,523	1,152,083	517,336		3,575,942
Unassigned (Deficit)	2,269,688				2,269,688
<i>Total Fund Balances</i>	<u>\$4,270,810</u>	<u>\$1,176,044</u>	<u>\$550,164</u>	<u>\$119,725</u>	<u>\$6,116,743</u>

See accompanying notes to the basic financial statements

Greene County Public Library
Greene County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2017

	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$6,183,629				\$6,183,629
Intergovernmental	5,536,047				5,536,047
Patron Fines and Fees	163,623				163,623
Contributions, Gifts and Donations	1,855			717	2,572
Earnings on Investments	38,766			1,192	39,958
Refunds and reimbursements	144,622				144,622
Grants	18,000				18,000
<i>Total Receipts</i>	<u>12,086,542</u>	<u>-</u>	<u>-</u>	<u>1,909</u>	<u>12,088,451</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	4,169,329				4,169,329
Collection Development and Processing	772,353				772,353
Library Materials	1,852,851			6,492	1,859,343
Support Services:					
Facilities Operation and Maintenance	704,412				704,412
Information Services	640,223				640,223
Business Administration	2,311,306				2,311,306
Capital Outlay	193,708	735,347	812,918		1,741,973
<i>Total Disbursements</i>	<u>10,644,182</u>	<u>735,347</u>	<u>812,918</u>	<u>6,492</u>	<u>12,198,939</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,442,360</u>	<u>(735,347)</u>	<u>(812,918)</u>	<u>(4,583)</u>	<u>(110,488)</u>
Other Financing Sources (Uses)					
Transfers In		300,000	300,000		600,000
Transfers Out	(600,000)				(600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(600,000)</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	842,360	(435,347)	(512,918)	(4,583)	(110,488)
<i>Fund Balances Beginning of Year</i>	<u>3,428,450</u>	<u>1,611,391</u>	<u>1,063,082</u>	<u>124,308</u>	<u>6,227,231</u>
<i>Fund Balances End of Year</i>	<u>\$4,270,810</u>	<u>\$1,176,044</u>	<u>\$550,164</u>	<u>\$119,725</u>	<u>\$6,116,743</u>

See accompanying notes to the basic financial statements

Greene County Public Library
Greene County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$6,677,099	\$6,325,000	\$6,183,629	(\$141,371)
Intergovernmental	5,119,989	4,850,000	5,536,046	686,046
Patron Fines and Fees	195,372	185,070	163,623	(21,447)
Contributions, Gifts and Donations			1,855	1,855
Earnings on Investments	36,948	35,000	38,766	3,766
Refunds and reimbursements	63,340	60,000	144,622	84,622
Grants	51,306	48,600	18,000	(30,600)
<i>Total Receipts</i>	12,144,054	11,503,670	12,086,541	582,871
Disbursements				
Current:				
Library Services:				
Public Services and Programs	4,544,331	4,230,466	4,157,008	73,458
Collection Development and Processing	856,461	815,588	772,353	43,235
Library Materials	2,339,174	2,310,666	1,852,851	457,815
Support Services:				
Facilities Operation and Maintenance	830,623	809,285	704,412	104,873
Information Services	898,513	729,231	640,223	89,008
Business Administration	2,317,398	2,454,266	2,311,306	142,960
Contingency		70,855		70,855
Capital Outlay	326,740	316,351	193,707	122,644
<i>Total Disbursements</i>	12,113,240	11,736,708	10,631,860	1,104,848
<i>Excess of Receipts Over (Under) Disbursements</i>	30,814	(233,038)	1,454,681	1,687,719
Other Financing Sources (Uses)				
Transfers Out	(1,713,924)	(1,369,071)	(1,369,071)	-
<i>Total Other Financing Sources (Uses)</i>	(1,713,924)	(1,369,071)	(1,369,071)	-
<i>Net Change in Fund Balance</i>	(1,683,110)	(1,602,109)	85,610	1,687,719
<i>Unencumbered Fund Balance Beginning of Year</i>	2,324,929	2,324,929	2,324,929	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	\$641,819	\$722,820	\$2,410,539	\$1,687,719

See accompanying notes to the basic financial statements

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Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Description of the Library and Reporting Entity

The Board of Library Trustees of Greene County Public Library (the Library) has seven members: three appointed by the Common Pleas Court Judges and four appointed by the Greene County Commissioners. 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, holding, processing, and disposing of real and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.22 to 3375.27 of the Ohio Revised Code. The Board of Library Trustees appoints a Director/Fiscal Officer, Business Manager/Deputy Fiscal Officer, and two Assistant Deputy Fiscal Officers.

There is no potential for the Library to provide a financial benefit to or to 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 is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority. 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 these decisions are made, the County Commissioners must place the levy on the ballot.

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

Component Units

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library has no component units.

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 the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. Following are the more significant of the Library's accounting policies.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and 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, except for fiduciary funds. The statements 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 and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library does not engage in any business-type activities.

The statement of net position presents the cash and investment 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 or regulatory program for which the Library is responsible. 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, and receipts of interest earned on grants that are required to be used to support 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 modified 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. Nonmajor 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. The following are the Library's major governmental funds

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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Building and Repair Fund The building and repair fund accounts for and reports resources assigned by the Board of Library Trustees specifically for major capital and technology improvements.

Technology Fund This fund is used to account for receipts that are assigned by the Board of Trustees for the acquisition, construction, or repair of computer equipment and their peripherals.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose. Also included in other governmental funds are Permanent Funds. These Permanent Funds are made up of non-expendable trust funds that require preservation of the principle and the earnings must be used for a purpose designated by the trust.

Basis of Accounting

The Library's financial statements are prepared using the modified 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. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this modified 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 and character or major category of the object code 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 Clerk Treasurer. 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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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 cash management pool and investments with an original maturity of three months or less at the time they are purchased 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.

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 2017, the Library invested in nonnegotiable certificates of deposit, federal agency securities, US Treasury notes, a money market mutual fund, and STAR Ohio. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The Library's money market mutual fund investment is recorded at the amount reported by Fifth-Third Bank on December 31, 2017.

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 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 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 2017 was \$38,766.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

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 modified 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Library's modified 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.

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 accounts include resources restricted for the expendable purpose of the Permanent Fund bequests, the restricted earnings on that principal, and Special Revenue restrictions.

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

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

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 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 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) it 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 Library Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

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 modified cash basis is outstanding year-end encumbrances which are treated as disbursements (budgetary basis) rather than assigned fund balance (modified cash basis). The Library did not present outstanding encumbrances as of December 31, 2017.

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.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 (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;

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Deposits and Investments (continued)

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 bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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 clerk/treasurer 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 \$850 in undeposited cash on hand which is included as part of "*Equity in Pooled Cash and Cash Equivalents*" on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$913,954 of the Library's bank balance of \$1,164,977 was exposed to custodial credit risk because those deposits were uninsured and collateralized.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Deposits and Investments (continued)

Investments

The Library reports their investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2017, the Library had the following investments:

	Measurement Amount	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Federal Farm Credit Bank Notes	\$400,000		\$400,000		
Federal Home Loan Bank Notes	500,000	500,000			
Federal National Mortgage Association Notes	1,000,000	500,000	500,000		
Certificates of Deposit	2,877,000	2,877,000			
Money Market Mutual Fund	264,293	264,293			
Amortized Cost:					
STAR Ohio	112,381	112,381			
Total Investments	\$5,153,674	\$4,253,674	\$900,000	\$0	\$0

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.

Credit Risk The Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and Federal Home Loan Bank Notes carry a rating of Aaa by Moody's and AA+ by Standard & Poors. STAR Ohio carries a rating of AAAm by Standard and Poor's. 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 and that the money market fund be rated in the highest category at the time of purchase 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 Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Deposits and Investments (continued)

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. The following investments represent five percent or more of total investments as of December 31, 2017:

Investment Issuer	Percentage of Investments
Certificates of Deposit	55.82 %
Federal National Mortgage Association (FNMA)	19.40
Federal Home Loan Bank Notes	9.70
Federal Farm Credit Bank Notes	7.76
Money Market Mutual Funds	5.13

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements

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. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements (continued)

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2017, was \$1.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$3,768,234,820
Public Utility Personal Property	<u>119,157,070</u>
Total	<u><u>\$3,887,391,890</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.

Note 6 – Interfund Balances and Transfers

Transfers

During 2017, the following transfers were made:

Transfer to	Transfer from General
Building & Repair Fund	\$300,000
Technology Fund	<u>300,000</u>
	<u><u>\$600,000</u></u>

The above mentioned Transfers From/To were used to move receipts from the general fund to capital projects funds for future construction.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the Library contracted with Cincinnati Insurance Company for various types of insurance coverage as follows:

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 - Risk Management (continued)

Company	Type of Coverage	Coverage
Cincinnati Insurance	Building	\$8,669,000
	Personal Property	5,686,000
	Employee Benefit Coverage, in aggregate	3,000,000
	Employee Benefit Coverage, per occurrence	1,000,000
	Inland Marine	450,000
	General Liability, in aggregate	2,000,000
	General Liability, per occurrence	1,000,000
	Fine Arts	53,602
	Valuable Papers and Records	22,000,000
	Employee Dishonesty	1,000,000
	Data Compromise Coverage	50,000
	Employment Practices	1,000,000
	Network Coverage	100,000
	Umbrella Coverage	4,000,000

Settled claims have not exceeded this coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 8 - 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 - Defined Benefit Pension Plan (continued)

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
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	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	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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

When a 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. 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.

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

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 - Defined Benefit Pension Plan (continued)

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Library's contractually required contribution was \$676,139 for year 2017.

Note 9 - 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 - Postemployment Benefits (continued)

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' 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 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 2017, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 - Postemployment Benefits (continued)

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$96,591, \$89,220, and \$84,805, respectively. The full amount has been contributed for all three years.

Note 10 – 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 below:

Fund Balances	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total
Nonspendable					
Principal in Trust Funds				\$28,817	\$28,817
Restricted for					
Library Materials				90,908	90,908
Committed to					
Retirement Severance Payments	94,599				94,599
Outstanding Encumbrances		23,961	32,828		56,789
<i>Total Committed</i>	<u>94,599</u>	<u>23,961</u>	<u>32,828</u>		<u>151,388</u>
Assigned to					
Subsequent Appropriations	1,523,214				1,523,214
Board Assignment		1,152,083	517,336		1,669,419
Outstanding Encumbrances	383,309				383,309
<i>Total Assigned</i>	<u>1,906,523</u>	<u>1,152,083</u>	<u>517,336</u>		<u>3,575,942</u>
Unassigned					
	<u>2,269,688</u>				<u>2,269,688</u>
<i>Total Fund Balances</i>	<u>\$4,270,810</u>	<u>\$1,176,044</u>	<u>\$550,164</u>	<u>\$119,725</u>	<u>\$6,116,743</u>

In addition to the above fund balance constraints, the Library has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Library established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Library Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2017, is \$1,759,989.

Greene County Public Library
Greene County
Statement of Net Position - Modified Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$321,594
Investments	5,905,637
<i>Total Assets</i>	\$6,227,231
 Net Position	
Restricted for:	
Special Revenue	\$35,312
Permanent Fund Purpose:	
Expendable	60,179
Nonexpendable	28,817
Unrestricted	6,102,923
<i>Total Net Position</i>	\$6,227,231

See accompanying notes to the basic financial statements

Greene County Public Library
Greene County
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2016

	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$177,056	\$83,217	\$54,901	\$6,420	\$321,594
Investments	3,251,394	1,528,174	1,008,181	117,888	5,905,637
<i>Total Assets</i>	<u>\$3,428,450</u>	<u>\$1,611,391</u>	<u>\$1,063,082</u>	<u>\$124,308</u>	<u>\$6,227,231</u>
Fund Balances					
Nonspendable				\$28,817	\$28,817
Restricted				\$95,491	95,491
Committed	\$106,920				106,920
Assigned	2,161,494	1,611,391	1,063,082		4,835,967
Unassigned (Deficit)	1,160,036				1,160,036
<i>Total Fund Balances</i>	<u>\$3,428,450</u>	<u>\$1,611,391</u>	<u>\$1,063,082</u>	<u>\$124,308</u>	<u>\$6,227,231</u>

See accompanying notes to the basic financial statements

Greene County Public Library
Greene County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$6,604,969				\$6,604,969
Intergovernmental	5,025,520				5,025,520
Patron Fines and Fees	173,091				173,091
Contributions, Gifts and Donations	11,452			1,867	13,319
Earnings on Investments	31,184			594	31,778
Refunds and reimbursements	69,808				69,808
<i>Total Receipts</i>	<u>11,916,024</u>	<u>-</u>	<u>-</u>	<u>2,461</u>	<u>11,918,485</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	3,895,005				3,895,005
Collection Development and Processing	775,894				775,894
Library Materials	1,678,323			423	1,678,746
Support Services:					
Facilities Operation and Maintenance	697,747				697,747
Information Services	435,023				435,023
Business Administration	2,081,377				2,081,377
Capital Outlay	178,377	676,297	307,984		1,162,658
<i>Total Disbursements</i>	<u>9,741,746</u>	<u>676,297</u>	<u>307,984</u>	<u>423</u>	<u>10,726,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,174,278</u>	<u>(676,297)</u>	<u>(307,984)</u>	<u>2,038</u>	<u>1,192,035</u>
Other Financing Sources (Uses)					
Transfers In		800,000	500,000		1,300,000
Transfers Out	(1,300,000)				(1,300,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,300,000)</u>	<u>800,000</u>	<u>500,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	874,278	123,703	192,016	2,038	1,192,035
<i>Fund Balances Beginning of Year</i>	<u>2,554,172</u>	<u>1,487,688</u>	<u>871,066</u>	<u>122,270</u>	<u>5,035,196</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,428,450</u></u>	<u><u>\$1,611,391</u></u>	<u><u>\$1,063,082</u></u>	<u><u>\$124,308</u></u>	<u><u>\$6,227,231</u></u>

See accompanying notes to the basic financial statements

Greene County Public Library
Greene County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$6,303,000	\$6,600,560	\$6,604,969	\$4,409
Intergovernmental	5,062,406	5,064,846	5,025,520	(39,326)
Patron Fines and Fees	172,000	172,000	173,091	1,091
Contributions, Gifts and Donations	1,000	1,000	11,452	10,452
Earnings on Investments		35,000	31,184	(3,816)
Refunds and reimbursements	60,000	60,000	69,808	9,808
<i>Total Receipts</i>	11,598,406	11,933,406	11,916,024	(17,382)
Disbursements				
Current:				
Library Services:				
Public Services and Programs	4,293,019	4,343,479	3,883,163	460,316
Collection Development and Processing	914,892	921,246	775,894	145,352
Library Materials	2,122,469	2,122,468	1,678,323	444,145
Support Services:				
Facilities Operation and Maintenance	890,734	908,238	697,747	210,491
Information Services	538,581	533,103	435,023	98,080
Business Administration	2,580,730	2,674,026	2,081,377	592,649
Contingency	150,000	100,000		100,000
Capital Outlay	235,485	285,985	178,377	107,608
<i>Total Disbursements</i>	11,725,910	11,888,545	9,729,904	2,158,641
<i>Excess of Receipts Over (Under) Disbursements</i>	(127,504)	44,861	2,186,120	2,141,259
Other Financing Sources (Uses)				
Transfers Out	(2,046,547)	(2,180,557)	(2,180,557)	-
<i>Total Other Financing Sources (Uses)</i>	(2,046,547)	(2,180,557)	(2,180,557)	-
<i>Net Change in Fund Balance</i>	(2,174,051)	(2,135,696)	5,563	2,141,259
<i>Unencumbered Fund Balance Beginning of Year</i>	1,863,152	1,863,152	1,863,152	-
Prior Year Encumbrances Appropriated	456,214	456,214	456,214	-
<i>Unencumbered Fund Balance End of Year</i>	\$145,315	\$183,670	\$2,324,929	\$2,141,259

See accompanying notes to the basic financial statements

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Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Description of the Library and Reporting Entity

The Board of Library Trustees of Greene County Public Library (the Library) has seven members: three appointed by the Common Pleas Court Judges and four appointed by the Greene County Commissioners. 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, holding, processing, and disposing of real and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.22 to 3375.27 of the Ohio Revised Code. The Board of Library Trustees appoints a Director/Fiscal Officer, Business Manager/Deputy Fiscal Officer, and two Assistant Deputy Fiscal Officers.

There is no potential for the Library to provide a financial benefit to or to 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 is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority. 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 these decisions are made, the County Commissioners must place the levy on the ballot.

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

Component Units

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library has no component units.

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 the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. Following are the more significant of the Library's accounting policies.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and 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, except for fiduciary funds. The statements 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 and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library does not engage in any business-type activities.

The statement of net position presents the cash and investment 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 or regulatory program for which the Library is responsible. 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, and receipts of interest earned on grants that are required to be used to support 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 modified 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. Nonmajor 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. The following are the Library's major governmental funds

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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Building and Repair Fund The building and repair fund accounts for and reports resources assigned by the Board of Library Trustees specifically for major capital and technology improvements.

Technology Fund This fund is used to account for receipts that are assigned by the Board of Trustees for the acquisition, construction, or repair of computer equipment and their peripherals.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose. Also included in other governmental funds are Permanent Funds. These Permanent Funds are made up of non-expendable trust funds that require preservation of the principle and the earnings must be used for a purpose designated by the trust.

Basis of Accounting

The Library's financial statements are prepared using the modified 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. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this modified 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 and character or major category of the object code 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 Clerk Treasurer. 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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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 cash management pool and investments with an original maturity of three months or less at the time they are purchased 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.

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 2016, the Library invested in nonnegotiable certificates of deposit, federal agency securities, US Treasury notes, a money market mutual fund, and STAR Ohio. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The Library's money market mutual fund investment is recorded at the amount reported by Fifth-Third Bank on December 31, 2016.

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 also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. 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 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 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 2016 was \$31,184.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

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 modified 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Library's modified 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.

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 accounts include resources restricted for the expendable purpose of the Permanent Fund bequests, the restricted earnings on that principal, and Special Revenue restrictions.

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

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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 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 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) it 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 Library Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

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 modified cash basis is outstanding year-end encumbrances which are treated as disbursements (budgetary basis) rather than assigned fund balance (modified cash basis). The Library did not present outstanding encumbrances as of December 31, 2016.

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.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 (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;

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments (continued)

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 bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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 clerk/treasurer 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 \$850 in undeposited cash on hand which is included as part of *"Equity in Pooled Cash and Cash Equivalents"* on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$509,075 of the Library's bank balance of \$759,075 was exposed to custodial credit risk because those deposits were uninsured and collateralized.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments (continued)

Investments

The library reports their investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2016, the Library had the following investments:

	Measurement Amount	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Federal Farm Credit Bank Notes	\$400,000		\$400,000		
Federal Home Loan Bank Notes	500,000		500,000		
Federal National Mortgage Association Notes	1,000,000		1,000,000		
Certificates of Deposit	3,866,000	3,866,000			
Money Market Mutual Fund	28,449	28,449			
STAR Ohio	111,188	111,188			
Total Investments	<u>\$5,905,637</u>	<u>\$4,005,637</u>	<u>\$1,900,000</u>	<u>\$0</u>	<u>\$0</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.

Credit Risk The Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and Federal Home Loan Bank Notes carry a rating of Aaa by Moody's and AA+ by Standard & Poors. STAR Ohio carries a rating of AAAm by Standard and Poor's. 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 and that the money market fund be rated in the highest category at the time of purchase 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 Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments (continued)

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. The following investments represent five percent or more of total investments as of December 31, 2016:

Investment Issuer	Percentage of Investments
Certificates of Deposit	65.46 %
Federal Home Loan Bank Note	8.47
Federal Farm Credit Bank	6.77
Federal National Mortgage Association Notes	16.93

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements

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. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements (continued)

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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$1.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$3,754,655,740
Public Utility Personal Property	<u>114,838,370</u>
Total	<u><u>\$3,869,494,110</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.

Note 6 – Interfund Balances and Transfers

Transfers

During 2016, the following transfers were made:

Transfer to	Transfer from General
Building & Repair Fund	\$800,000
Technology Fund	<u>500,000</u>
	<u><u>\$1,300,000</u></u>

The above mentioned Transfers From/To were used to move receipts from the general fund to capital projects funds for future construction.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Library contracted with Cincinnati Insurance Company for various types of insurance coverage as follows:

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 7 - Risk Management (continued)

Company	Type of Coverage	Coverage
Cincinnati Insurance	Building	\$8,669,000
	Personal Property	5,686,000
	Employee Benefit Coverage, in aggregate	3,000,000
	Employee Benefit Coverage, per occurrence	1,000,000
	Inland Marine	450,000
	General Liability, in aggregate	2,000,000
	General Liability, per occurrence	1,000,000
	Fine Arts	53,602
	Valuable Papers and Records	22,000,000
	Employee Dishonesty	1,000,000
	Data Compromise Coverage	50,000
	Employment Practices	1,000,000
	Network Coverage	100,000
	Umbrella Coverage	4,000,000

Settled claims have not exceeded this coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 8 - 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 8 - Defined Benefit Pension Plan (continued)

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
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	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	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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

When a 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. 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.

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

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 8 - Defined Benefit Pension Plan (continued)

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Library's contractually required contribution was \$624,543 for year 2016.

Note 9 - 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 - Postemployment Benefits (continued)

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' 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 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 2016, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Greene County Public Library
Greene County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 - Postemployment Benefits (continued)

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$89,220, \$84,805, and \$81,980, respectively. The full amount has been contributed for all three years.

Note 10 – 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 below:

Fund Balances	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total
Nonspendable					
Principal in Trust Funds				\$28,817	\$28,817
Restricted for					
Library Materials				95,491	95,491
Committed to					
Retirement Severance Payments	106,920				106,920
Assigned to					
Subsequent Appropriations	1,769,962				1,769,962
Board Assignment		1,611,391	1,063,082		2,674,473
Outstanding Encumbrances	391,532				391,532
<i>Total Assigned</i>	<u>2,161,494</u>	<u>1,611,391</u>	<u>1,063,082</u>		<u>4,835,967</u>
Unassigned	<u>1,160,036</u>				<u>1,160,036</u>
<i>Total Fund Balances</i>	<u>\$3,428,450</u>	<u>\$1,611,391</u>	<u>\$1,063,082</u>	<u>\$124,308</u>	<u>\$6,227,231</u>

In addition to the above fund balance constraints, the Library has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Library established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Library Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2016, is \$990,918.

OHIO AUDITOR OF STATE KEITH FABER



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

Greene County Public Library
Greene County
76 East Market Street
P.O. Box 520
Xenia, Ohio 45385

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 governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Public Library, Greene County, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated February 20, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2017-001 through 2017-003 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

Library's Response to Findings

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Library's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

February 20, 2019

**GREENE COUNTY PUBLIC LIBRARY
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

Finding Number 2017-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year.

The Library filed its annual financial report for the years ended December 31, 2017 and 2016 in a timely manner through the Auditor of State Hinkle Annual Financial Data Reporting System presenting modified cash basis financial statements. This basis of presentation requires a Statement of Net Position, a Statement of Activities, a Statement of Assets and Fund Balances, a Statement of Revenues, Expenditures, and Changes in Fund Balances, and a Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget Basis for the General Fund and each major Special Revenue Fund as well as Notes to the Basic Financial Statements.

For the years ended December 31, 2017 and 2016, the Library did not file a Statement of Revenues, Expenditures, and Changes in Fund Balance. Also, a Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget Basis was filed for the total Governmental Funds, the Building & Repair fund, and the Technology fund for both of these years. Budgetary statements are only required for the general fund and each major special revenue fund that has a legally adopted annual budget in accordance with Governmental Accounting Standards Board (GASB) Cod. 2200.206. The Statement is not required at entity wide level or for major capital project funds. The Library also failed to file footnotes to the financial statements for the year ended December 31, 2016.

The Library should implement policies and procedures to ensure that the required filing contains all required elements. Failure to do so can result in the Library being declared unauditible.

Official's Response: The Library will provide the necessary financial reports. Also will limit the use of major funds.

Finding Number 2017-002

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to lack of adequate controls over financial reporting, the following material misstatements were noted in the Library's financial statements, requiring adjustments to be posted to the financial statements to correct the misstatement:

**Finding Number 2017-002
(Continued)**

1. During 2017 and 2016, the Library transferred funds from the General Fund to the Budget Stabilization fund, which is consolidated with the General Fund for financial statement reporting purposes in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 paragraph 21, codified as GASB Cod. 1800.181. These transfers were not eliminated during the financial reporting process, overstating General Fund Transfers In and General Fund Transfers Out on the Statement of Receipts, Disbursements, and Changes in Fund Balance by \$769,071 and \$880,557 respectively.
2. During 2017 and 2016 the Library misclassified Investments as Cash and Cash Equivalents contrary to the cash and cash equivalent accounting policy described in footnote 2, overstating Cash and Cash Equivalents and understating Investments by \$3,253,672 and \$4,005,638, respectively.
3. On the Statement of Assets and Fund Balances - Modified Cash Basis as of December 31, 2017 and 2016, the Library misclassified fund balance restrictions. Fund balances in the General Fund assigned to subsequent appropriations in the amount of \$1,523,214 and \$1,769,962, respectively, were presented as unassigned fund balance rather than assigned to subsequent appropriations in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 paragraph 16, codified as GASB Cod. 1800.176.
4. The Library established Building & Repair and Technology capital projects funds to reserve funds for capital projects at the Library. Money in these funds was constrained by the Library's intent to be used for specific purpose and in accordance with GASB Codification paragraph 1800.173, the fund balance in these funds should be reported as assigned fund balance. 2016 year end encumbrances in the Building Repair fund in the amount of \$293,387 were reported as committed fund balance instead of assigned. Similarly, \$401,367 in outstanding encumbrances at December 31, and 2016 in the Technology Fund were reported as committed fund balance instead of assigned.
5. The 2016 and 2017 Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget Basis for the General Fund did not match the Library's approved appropriations and estimated resources as specified in Required Budgetary Comparison Schedules (GASB Cod 2400.102). This resulted in 2016 original and final budgeted receipts being overstated by \$111,953 and \$247,000 respectively, 2016 original and final appropriations being overstated by \$422,936 and \$750,561 respectively, 2017 original and final budgeted receipts being understated by \$640,384 and \$177,000 respectively, and 2017 original and final appropriations being overstated by \$376,532 and \$686,670 respectively. The actual expenditures in 2016 and 2017 were also incorrectly stated, as they did not include outstanding encumbrances as expenditures, resulting in an understatement of actual expenditures in the amounts of \$391,532 and \$383,293 respectively. Finally, adjustments of \$12,321 and \$11,842 were made to the actual expenditures to remove funds budgeted elsewhere in order to be consistent with prior reporting periods.
6. The Library presented the Budget Stabilization fund as a major fund on the Statement of Assets and Fund Balances - Modified Cash Basis as of December 31, 2017 and 2016. This fund is required to be consolidated with the General Fund for financial reporting purposes in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 paragraph 21, codified as GASB Cod. 1800.181. This required adjustments increasing the General Fund, fund balances \$1,759,989 and \$990,918, respectively.

We also identified immaterial misclassifications ranging from \$1,626 to \$485,210 that were reported to the Fiscal Officer and did not require adjustment to the financial statements.

**Finding Number 2017-002
(Continued)**

The Library should develop and implement policies and procedures to provide for the integrity of the financial records. Additionally, the amounts reported in the financial statements and the notes to the financial statements should be supported by the appropriate documentation. Failure to do so could result in material misstatements going unnoticed

Official's Response: The Library will report the Budget Stabilization Fund with the General Fund and review fund classifications.

Finding Number 2017-003

MATERIAL WEAKNESS

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support for accuracy.

Monthly bank to book reconciliations were not accurately prepared or reviewed. On December 31, 2016, the book balance of \$6,227,231 was \$4,207 less than the reconciled bank balance of \$6,231,438. The Library posted a memo entry of \$4,179 to the system during the reconciliation process to force the bank balance to match the book balance. We were able to determine that the variance was due to unrecorded Medicare employer matching payments made but not recorded in the accounting system. An unexplained variance of \$28 remained between the balances after accounting for the unrecorded expenditures.

The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response: We did not receive a response from Library Officials to this finding.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material financial statement misstatements	Not Corrected	Repeated in current year as finding 2017-002

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OHIO AUDITOR OF STATE
KEITH FABER



GREENE COUNTY PUBLIC LIBRARY

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2019**