



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

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LICKING COUNTY LIBRARY  
LICKING COUNTY

REGULAR AUDIT

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Board of Trustees  
Licking County Library  
101 West Main Street  
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking County Library, Licking County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

July 8, 2019

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**Licking County Library**  
**Licking County, Ohio**  
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For the Fiscal Years Ended December 31, 2018 and 2017

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**INDEPENDENT AUDITOR'S REPORT**

Licking County Library  
Licking County  
101 West Main Street  
Newark, Ohio 43055

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Licking County Library, Licking County, Ohio (the Library), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Licking County Library, Licking County, Ohio, as of December 31, 2018 and 2017, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other Matters**

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
May 3, 2019



**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
(Unaudited)

The discussion and analysis of the Licking County Library's (the Library) financial performance provides an overview of the Library's financial activities for the years ended December 31, 2018 and 2017, within the limitations of the Library's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole.

**Highlights**

Key financial highlights for 2018 are as follows:

- Public Library Fund (PLF) accounted for \$2,789,706 or 50 percent, of all receipts. Property tax revenue plus homestead / rollback taxes accounted for \$2,489,985 or 45 percent, of all receipts.
- The decrease of the Building & Repair Fund was driven by the replacement of a chiller and rental of a temporary chiller during the shipment time of the new chiller for the Main Library.
- The Licking County Probate Court approved the liquidation and transfer of funds from the Banton Fund and Thomas Fund (reported as Other Governmental Funds) to the Licking County Foundation as a sub-fund of the Licking County Library Endowment Fund in September 2018.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Library's financial position. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis provides information about the activities of the Library as a whole, presenting an aggregate view of the Library's finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. Governmental financial statements report the Library's most significant funds individually and the Library's non-major funds in a single column. The Library's major funds in 2018 are the General Fund and Building & Repair Fund.

**Basis of Accounting**

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

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
*(Unaudited)*

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements.

Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis reflect how the Library did financially during 2018. These two statements report the Library's net position and changes in those assets. The change in net position is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Library presents a single type of activity, governmental activities. All of the Library's programs and services are reported here, including general public services, purchases and contracted services, library materials and information, and capital outlay. These services are primarily funded by intergovernmental and public library fund receipts.

**Reporting the Library's Fund Financial Statements**

*Fund Financial Statements*

The fund financial statements provide detailed information about the Library's major funds, the General Fund and Building & Repair Fund. While the Library uses multiple funds to account for its financial transactions, these are the most significant.

The Library's activities are reported in the fund financial statements, which focus on how the money flows into and out of the funds as well as balances available for spending in future periods. The funds are reported on a cash basis of accounting. The fund financial statements provide a short-term view of the Library's general government operations and the basic services being provided. Fund financial statements help the user to determine whether there are more or fewer financial resources that can be spent in the future to finance library programs.

**Licking County Library**  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2018  
*(Unaudited)*

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2018 compared to 2017.

Table 1  
 Net Position - Cash Basis

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 5,403,742	\$ 5,157,721
Total Assets	<u>\$ 5,403,742</u>	<u>\$ 5,157,721</u>
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$ -	\$ 2,951
Permanent Fund Purpose		
Nonexpendable	-	69,266
Unrestricted	5,403,742	5,085,504
Total Net Position	<u>\$ 5,403,742</u>	<u>\$ 5,157,721</u>

Net position of governmental activities increased by \$246,021 or 5 percent during 2018 compared to 2017. The increase can be attributed to the Board of Trustees planning for the expenditures of the Master Facility Plan to be executed over the next few years.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
(Unaudited)

Table 2 shows the changes in net position for the years ended December 31, 2018 and December 31, 2017.

Table 2  
Changes in Position - Cash Basis

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Receipts:</b>		
Program Cash Receipts		
Charges for Services and Sales	\$ 48,660	\$ 58,548
Operating Grants and Contributions	104,028	19,947
Total Program Cash Receipts	<u>152,688</u>	<u>78,495</u>
General Receipts		
Public Library Fund	2,789,706	2,681,979
Property and Other Local Taxes	2,215,759	2,167,963
Intergovernmental	274,426	278,638
Interest	83,438	39,047
Miscellaneous Receipts	87,178	109,597
Total General Receipts	<u>5,450,507</u>	<u>5,277,224</u>
<b>Total Receipts</b>	<u><b>\$ 5,603,195</b></u>	<u><b>\$ 5,355,719</b></u>
<b>Disbursements:</b>		
Library Services:		
Public Service and Programs	\$ 2,203,263	1,964,088
Collection Development and Processing	1,051,111	998,385
Support Services:		
Facilities Operation and Maintenance	569,794	488,916
Information Services	134,020	122,562
Business Administration	884,172	762,270
Capital Outlay	442,092	317,772
<b>Total Disbursements</b>	<u><b>\$ 5,284,452</b></u>	<u><b>\$ 4,653,993</b></u>
<b>Other Financing Sources (Uses)</b>		
Special Item	(72,722)	-
<b>Total Other Financing Sources</b>	<u><b>\$ (72,722)</b></u>	<u><b>\$ -</b></u>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 246,021</b>	<b>\$ 701,726</b>
Net Position, January 1	5,157,721	4,455,995
Net Position, December 31	<u><b>\$ 5,403,742</b></u>	<u><b>\$ 5,157,721</b></u>

Program receipts are primarily comprised of patron fines and fees, operating grants, contributions and donations.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
(Unaudited)

General receipts represented 97 of the Library's overall receipts in 2018, respectively. The consistent funding receipts enabled the Library to maintain its public services and collection development.

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, information services and business administration represent the cost of operating the Library. Total disbursements increased from the prior year due to expansion of public service staff and programs.

**Governmental Activities**

On the Statement of Activities, the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, and Capital Outlay. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of those services supported by unrestricted general receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3  
Governmental Activities - Cash Basis

	<b>Total Cost of Services 2018</b>	<b>Net Cost of Services 2018</b>
Library Services		
Public Service and Program	\$ 2,203,263	\$2,050,575
Collection Development and Processing	1,051,111	1,051,111
Support Services		
Facilities Operation and Maintenance	569,794	569,794
Information Services	134,020	134,020
Business Administration	884,172	884,172
Capital Outlay	442,092	442,092
<b>Total Disbursements</b>	<b>\$ 5,284,452</b>	<b>\$ 5,131,764</b>
	<b>Total Cost of Services 2017</b>	<b>Net Cost of Services 2017</b>
Library Services		
Public Service and Program	\$ 1,964,088	\$1,885,593
Collection Development and Processing	998,385	998,385
Support Services		
Facilities Operation and Maintenance	488,916	488,916
Information Services	122,562	122,562
Business Administration	762,270	762,270
Capital Outlay	317,772	317,772
<b>Total Disbursements</b>	<b>\$ 4,653,993</b>	<b>\$4,575,498</b>

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
*(Unaudited)*

**The Library's Funds**

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds are the General Fund and the Building & Repair Fund. During 2018, the General Fund balance increased by \$483,297 and the Building & Repair Fund balance decreased \$165,059. The increase in the General Fund balance is due to transferring less funds to the Building & Repair Fund than the prior year. The decrease in the Building & Repair Fund can be attributed to a new chiller unit at the Main Library.

**General Fund Budgeting Highlights**

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

During the course of 2018, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Library had capital outlay disbursements of \$442,092 during 2018.

**Debt Administration**

The Library had no outstanding debt at December 31, 2018.

**Economic Factors**

The growth of the PLF in 2018 was due to the increase in the State's General Fund Revenue. Funding from the State of Ohio for the Public Library Fund (PLF) changed in July 2017 from 1.7% of the State's General Fund Revenue to 1.68%. The potential growth of the PLF due to the increase in the State's General Fund Revenue was offset by the decrease in the percentage of the State's General Fund Revenue that the PLF receives; therefore, the amount received from the PLF was consistent between 2017 and 2016.

The economy and property values in the Licking County Library district has remained stable the past couple of years causing property tax levy receipts to be consistent.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
*(Unaudited)*

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while the future of the PLF, which is heavily relied on for funding, is uncertain. In addition, the Board of Trustees is cognizant that the renewal of the 1 mill property levy does not generate any new revenue; therefore, it wants to insure the property tax revenue is spent wisely to provide quality services for numerous years before potentially needing to ask the voters for the passage of an additional levy.

**Request for Information**

This financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives to all those interested in the Library's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Sandra Lodge, Fiscal Officer, 101 West Main Street, Newark, Ohio 43055.

**Licking County Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2018*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,403,742
<i>Total Assets</i>	<u>\$ 5,403,742</u>
<b>Net Position</b>	
Unrestricted	\$ 5,403,742
<i>Total Net Position</i>	<u>\$ 5,403,742</u>

See accompanying notes to the basic financial statements



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

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 2,203,263	\$ 48,660	\$ 104,028	\$ (2,050,575)
Collection Development and Processing	1,051,111	-	-	\$ (1,051,111)
Support Services:				
Facilities Operation and Maintenance	569,794	-	-	\$ (569,794)
Information Services	134,020	-	-	\$ (134,020)
Business Administration	884,172	-	-	\$ (884,172)
Capital Outlay	442,092	-	-	\$ (442,092)
<i>Total Governmental Activities</i>	<u>\$ 5,284,452</u>	<u>\$ 48,660</u>	<u>\$ 104,028</u>	<u>(5,131,764)</u>

General Receipts:	
Property Taxes Levied for General Purposes	2,215,759
Public Library Funds	2,789,706
Intergovernmental	274,426
Earnings on Investments	83,438
Miscellaneous	87,178
Special Item	(72,722)
<i>Total General Receipts</i>	<u>5,377,785</u>
Change in Net Position	246,021
<i>Net Position Beginning of Year</i>	<u>5,157,721</u>
<i>Net Position End of Year</i>	<u>\$ 5,403,742</u>

See accompanying notes to the basic financial statements

**Licking County Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2018*

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,049,385	\$ 3,354,357	\$ -	\$ 5,403,742
<i>Total Assets</i>	<u>\$ 2,049,385</u>	<u>\$ 3,354,357</u>	<u>\$ -</u>	<u>\$ 5,403,742</u>
<b>Fund Balances</b>				
Assigned	\$ 57,712	\$ 3,354,357	\$ -	\$ 3,412,069
Unassigned (Deficit)	1,991,673	-	-	1,991,673
<i>Total Fund Balances</i>	<u>\$ 2,049,385</u>	<u>\$ 3,354,357</u>	<u>\$ -</u>	<u>\$ 5,403,742</u>

See accompanying notes to the basic financial statements

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

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,215,759	\$ -	\$ -	\$ 2,215,759
Public Library Fund	2,789,706	-	-	2,789,706
Intergovernmental	274,426	-	-	274,426
Patron Fines and Fees	43,758	-	-	43,758
Services Provided to Other Entities	4,902	-	-	4,902
Contributions, Gifts and Donations	104,028	-	-	104,028
Earnings on Investments	27,200	54,702	1,536	83,438
Miscellaneous	87,178	-	-	87,178
<i>Total Receipts</i>	<u>5,546,957</u>	<u>54,702</u>	<u>1,536</u>	<u>5,603,195</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	2,203,263	-	-	2,203,263
Collection Development and Processing	1,051,111	-	-	1,051,111
Support Services:				
Facilities Operation and Maintenance	536,059	33,735	-	569,794
Information Services	134,020	-	-	134,020
Business Administration	810,299	73,873	-	884,172
Capital Outlay	229,939	212,153	-	442,092
<i>Total Disbursements</i>	<u>4,964,691</u>	<u>319,761</u>	<u>-</u>	<u>5,284,452</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>582,266</u>	<u>(265,059)</u>	<u>1,536</u>	<u>318,743</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,031	100,000	-	101,031
Transfers Out	(100,000)	-	(1,031)	(101,031)
<i>Total Other Financing Sources (Uses)</i>	<u>(98,969)</u>	<u>100,000</u>	<u>(1,031)</u>	<u>-</u>
<b>Speical and Extraordianry Items</b>				
Speical Item - See note 14	-	-	(72,722)	(72,722)
<i>Net Change in Fund Balances</i>	483,297	(165,059)	(72,217)	246,021
<i>Fund Balances Beginning of Year</i>	<u>1,566,088</u>	<u>3,519,416</u>	<u>72,217</u>	<u>5,157,721</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,049,385</u>	<u>\$ 3,354,357</u>	<u>\$ -</u>	<u>\$ 5,403,742</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,168,590	\$ 2,185,895	\$ 2,215,759	\$ 29,864
Public Library	2,712,041	2,681,979	2,789,706	107,727
Intergovernmental	280,496	278,638	274,426	(4,212)
Patron Fines and Fees	63,943	49,963	43,758	(6,205)
Services Provided to Other Entities	2,831	3,191	4,902	1,711
Contributions, Gifts and Donations	107,750	95,060	104,028	8,968
Earnings on Investments	12,601	13,922	27,200	13,278
Miscellaneous	80,423	69,828	87,178	17,350
<i>Total Receipts</i>	<u>5,428,675</u>	<u>5,378,476</u>	<u>5,546,957</u>	<u>168,481</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	2,239,377	2,258,339	2,203,263	55,076
Collection Development and Processing	1,083,119	1,094,895	1,051,111	43,784
Support Services:				
Facilities Operation and Maintenance	534,899	555,925	536,059	19,866
Information Services	140,971	137,845	134,020	3,825
Business Administration	863,658	887,362	810,299	77,063
Capital Outlay	171,420	250,418	229,939	20,479
<i>Total Disbursements</i>	<u>5,033,444</u>	<u>5,184,784</u>	<u>4,964,691</u>	<u>220,093</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>395,231</u>	<u>193,692</u>	<u>582,266</u>	<u>388,574</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,000	427	1,031	604
Transfers Out	(250,000)	(100,000)	(100,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(249,000)</u>	<u>(99,573)</u>	<u>(98,969)</u>	<u>604</u>
<i>Net Change in Fund Balance</i>	146,231	94,119	483,297	389,178
<i>Unencumbered Fund Balance Beginning of Year</i>	1,430,824	1,430,824	1,430,824	-
Prior Year Encumbrances Appropriated	135,264	135,264	135,264	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,712,319</u>	<u>\$ 1,660,207</u>	<u>\$ 2,049,385</u>	<u>\$ 389,178</u>

See accompanying notes to the basic financial statements

**Licking County Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Building & Repair Fund*  
*For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Earnings on Investments	\$ 10,000	\$ 15,000	\$ 54,702	\$ (39,702)
<i>Total Receipts</i>	<u>10,000</u>	<u>15,000</u>	<u>54,702</u>	<u>(39,702)</u>
<b>Disbursements</b>				
Current:				
Support Services:				
Facilities Operation and Maintenance	-	33,735	33,735	-
Business Administration	151,025	180,309	73,873	106,436
Capital Outlay	<u>975,000</u>	<u>1,105,000</u>	<u>212,153</u>	<u>892,847</u>
<i>Total Disbursements</i>	<u>1,126,025</u>	<u>1,319,044</u>	<u>319,761</u>	<u>999,283</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,116,025)</u>	<u>(1,304,044)</u>	<u>(265,059)</u>	<u>(1,038,985)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>250,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(866,025)	(1,204,044)	(165,059)	(1,038,985)
<i>Unencumbered Fund Balance Beginning of Year</i>	3,477,897	3,477,897	3,477,897	-
Prior Year Encumbrances Appropriated	<u>41,519</u>	<u>41,519</u>	<u>41,519</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 2,653,391</u>	<u>\$ 2,315,372</u>	<u>\$ 3,354,357</u>	<u>\$ (1,038,985)</u>

See accompanying notes to the basic financial statements

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

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**Note 1 – Description of the Library and Reporting Entity**

The Licking County Library (the Library) was organized as a county district public library in August 2008 under the laws of the State of Ohio. Previously the Library was organized as a school district public library in 1908 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Licking County Commissioners and the Licking County Common Pleas Court. 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, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of Licking County, although the County serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Licking County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on Licking County.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library has no related organizations or jointly governed organizations.

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. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Mary E. Babcock Friends, Inc., the Buckeye Lake Friends Group, and the Licking County Friends Group are not-for-profit organizations with a self-appointing board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this note, the financial statements of the Licking County Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to cash basis of accounting.

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

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**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. 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 charges for services. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library had no business-type activities during the year ended December 31, 2018.

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 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 financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. 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.

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

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

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

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.

***Basis of Accounting***

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

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

***Budgetary Process***

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees. The Fiscal Officer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

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

***Cash and Cash Equivalents***

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. The Library followed Ohio Statutes for the allocation of interest earnings among the Library's funds. All funds received interest based on a prorated share of the pool's fund balance at the time of the receipt of interest. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."



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

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

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool 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 2018, investments were limited to negotiable certificates of deposit and money market funds.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2018 amounted to \$27,200, none of which were assigned from other Library funds.

The principal amount of the Thomas and Banton funds were combined to purchase a nonnegotiable certificate of deposit. The earned interest was pro-rated based on the amount of initial investment in the certificate of deposit. The earned interest was transferred into the General Fund at the time of receipt.

***Restricted Assets***

Cash, cash equivalents, and investments 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 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.

***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. It also includes the long-term amount of interfund loans.

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

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

***Restricted*** Fund balance is 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.

***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.

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

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

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

***Interfund Transactions***

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

**Note 3 – Public Library Fund**

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). In July 2013, the State's biennium budget established that 1.66 percent of the General Revenue Fund (GRF) be allocated to the PLF. In July 2015, the State's biennium budget temporarily increased the PLF to be 1.70 percent of the GRF. In July 2017, the State's biennium budget temporarily set the PLF to be 1.68 percent of the GRF. The PLF is allocated to each county based on the county's prior year PLF and its population. The County Budget Commission allocated 62 percent of these funds to the Library based on the percentage allocation agreement created by the five public library districts in the county. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenue the Library receives. For 2018, the Library received \$2,789,706, in Public Library Funds.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$57,712 for the general fund for the year ended December 31, 2018. The encumbrances outstanding at year end (budgetary basis) amounted to \$20,179 for the building and repair fund for the year ended December 31, 2018.

**Note 5 – Deposits and Investments**

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

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

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

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

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**Note 5 – Deposits and Investments (Continued)**

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

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

At December 31, 2018, the Library had \$2,108.40, in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

***Deposits***

Custodial risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover

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

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**Note 5 – Deposits and Investments (Continued)**

deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, \$27,569.37 of the Library’s bank balances of \$320,200.07 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Library’s financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

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 the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***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, 2018, the Library had the following investments:

Investment Type	Value	Percent of Total	Investment Maturities		
			Within 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	\$1,030,804.91	21%	\$1,030,804.91		
Negotiable Certificates of Deposit	\$3,892,782.31	79%	\$2,690,782.31	\$902,000.00	\$300,000.00
<b>Total</b>	<b>\$4,923,587.22</b>		<b>\$3,721,587.22</b>	<b>\$902,000.00</b>	<b>\$300,000.00</b>

***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 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.

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

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**Note 5 – Deposits and Investments (Continued)**

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority,

or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The Library’s investment percentages are noted in the table above.

**Note 6 – 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 taxing district of the Library. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

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

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

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

The full tax rate for all Library operations for the year ended December 31, 2018, were \$1.00 per \$1,000 of assessed value.

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

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**Note 6 – Grants In Aid, Property Taxes, and Tax Abatements (Continued)**

The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$2,545,860,602
Public Utility Personal Property	<u>188,176,560</u>
Total	<u><u>\$2,734,037,162</u></u>

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

***Tax Abatements***

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments including municipalities and school districts in the Library’s service district may have entered into abatement agreements that reduced the 2017 tax revenue received by the Library. According to the Licking County Auditor’s office, the Library’s portion of abated taxes totaled \$126,863 for the 2018 tax year.

**Note 7 – Interfund Transfers**

***Transfers***

During 2018, the following transfers were made:

<b>Transfer to</b>	<b>Transfer from</b>			<b>Total</b>
	Major Funds		Other Nonmajor Governmental	
	General	Building & Repair Fund		
General Fund	\$0	\$0	\$1,031	\$1,031
Building & Repair Fund	100,000	0	0	100,000
Total all Funds	\$100,000	\$0	\$1,031	\$101,031

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

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**Note 7 – Interfund Transfers (Continued)**

The general fund transferred \$100,000 in 2018 to the Building and Repair Fund for preparation of parking lot renovation and expansion at main campus. The Thomas Fund transferred \$1,031 in 2018 to the General Fund from interested earned on the trust fund.

**Note 8 - 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 2018 and 2017, the Library contracted with several companies for various types of insurance coverage as follows:

<b>Company</b>	<b>Type of Coverage</b>	<b>Amount of Coverage</b>
Auto-Owners	Property	\$ 13,994,837
	General Liability	\$ 1,000,000
	Commercial Crime	\$ 235,000
	Inland Marine	\$ 5,380,000
	Vehicle	\$ 1,000,000
	Employee Dishonesty	\$ 235,000
	Employee Benefits	\$ 1,000,000
	Employer Stop Gap	\$ 1,000,000
	Umbrella	\$ 2,000,000
Philadelphia Indemnity	Director & Officer	\$ 1,000,000
	Employment Practices	\$ 1,000,000

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.

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



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

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**Note 9 - Defined Benefit Pension Plan**

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

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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**Note 9 - Defined Benefit Pension Plan (Continued)**

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

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

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

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

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**Note 9 - Defined Benefit Pension Plan (Continued)**

	State and Local
<b>2018 &amp; 2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2018 &amp; 2017 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
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 for the year ended 2018 was \$315,637.

**Note 10 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

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

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

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

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**10 - Postemployment Benefits (Continued)**

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plans was 1.0% during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library’s contractually required contribution was \$557 for the year 2018.

**Note 11 – Leases**

The Library leases equipment under noncancelable leases. The Library disbursed \$19,043 to pay lease costs for the year ended December 31, 2018. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$16,500
2020	<u>16,500</u>
Total	<u><u>\$33,000</u></u>

**Note 12 – Contingent Liabilities**

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

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

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**Note 13 – 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 for 2018 are presented below:

Fund Balances	General	Building & Repair Fund	Total
<b>Assigned to</b>			
Capital Improvements at Main and branches	\$ -	\$ 3,334,178	\$ 3,334,178
Encumbrances for 2019	<u>57,712</u>	<u>20,179</u>	<u>77,891</u>
<i>Total Assigned to</i>	<u>57,712</u>	<u>3,354,357</u>	<u>3,412,069</u>
<b>Unassigned</b>			
Unencumbered	<u>1,991,673</u>	-	<u>1,991,673</u>
<i>Total Fund Balances</i>	<u>\$ 2,049,385</u>	<u>\$ 3,354,357</u>	<u>\$ 5,403,742</u>

**Note 14 – Special Items**

The Licking County Probate Court approved the liquidation of assets of the Banton Fund and Thomas Fund and for the funds to be transferred to the Licking County Foundation as a sub-fund of the Licking County Library Endowment Fund in September 2018. The liquated and transferred funds of the Banton Fund and Thomas Fund shall continue to be used solely for the operation of a children’s room or children’s reading area in the main library or in any branch thereof.

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**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
*(Unaudited)*

The discussion and analysis of the Licking County Library's (the Library) financial performance provides an overview of the Library's financial activities for the years ended December 31, 2018 and 2017, within the limitations of the Library's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole.

**Highlights**

Key financial highlights for 2017 are as follows:

- Public Library Fund (PLF) accounted for \$2,681,979 or 50 percent, of all receipts. Property tax revenue plus homestead / rollback taxes accounted for \$2,446,600 or 46 percent, of all receipts.
- The Board approved \$850,000 to be transferred to the Building & Repair Fund to be used to execute the developing Master Facility Plan for the library system.
- The Library went fine-free in March 2017, though patrons are still responsible to pay for any lost or damaged materials.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Library's financial position. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis provides information about the activities of the Library as a whole, presenting an aggregate view of the Library's finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. Governmental financial statements report the Library's most significant funds individually and the Library's non-major funds in a single column. The Library's major funds in 2017 are the General Fund and Building & Repair Fund.

**Basis of Accounting**

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements.

Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
*(Unaudited)*

**Reporting the Library as a Whole**

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis reflect how the Library did financially during 2017. These two statements report the Library's net position and changes in those assets. The change in net position is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Library presents a single type of activity, governmental activities. All of the Library's programs and services are reported here, including general public services, purchases and contracted services, library materials and information, and capital outlay. These services are primarily funded by intergovernmental and public library fund receipts.

**Reporting the Library's Fund Financial Statements**

*Fund Financial Statements*

The fund financial statements provide detailed information about the Library's major funds, the General Fund and Building & Repair Fund. While the Library uses multiple funds to account for its financial transactions, these are the most significant.

The Library's activities are reported in the fund financial statements, which focus on how the money flows into and out of the funds as well as balances available for spending in future periods. The funds are reported on a cash basis of accounting. The fund financial statements provide a short-term view of the Library's general government operations and the basic services being provided. Fund financial statements help the user to determine whether there are more or fewer financial resources that can be spent in the future to finance library programs.



**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
*(Unaudited)*

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2017 compared to 2016.

Table 1  
Net Position - Cash Basis

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 5,157,721	\$ 4,455,995
Total Assets	<u>\$ 5,157,721</u>	<u>\$ 4,455,995</u>
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$ 2,951	\$ 2,296
Permanent Fund Purpose		
Nonexpendable	69,266	69,266
Unrestricted	5,085,504	4,384,433
Total Net Position	<u>\$ 5,157,721</u>	<u>\$ 4,455,995</u>

Net position of governmental activities increased by \$701,726 or 16 percent during 2017 compared to 2016. The increase can be attributed to the Board of Trustees planning for the expenditures of the Master Facility Plan to be executed over the next few years.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

Table 2 shows the changes in net position for the years ended December 31, 2017 and December 31, 2016.

Table 2  
Changes in Position - Cash Basis

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Receipts:</b>		
Program Cash Receipts		
Charges for Services and Sales	\$ 58,548	\$ 102,383
Operating Grants and Contributions	19,947	134,884
Total Program Cash Receipts	<u>78,495</u>	<u>237,267</u>
General Receipts		
Public Library Fund	2,681,979	2,671,206
Property and Other Local Taxes	2,167,963	2,169,688
Intergovernmental	278,638	280,496
Interest	39,047	20,860
Miscellaneous Receipts	109,597	45,695
Total General Receipts	<u>5,277,224</u>	<u>5,187,945</u>
<b>Total Receipts</b>	<u><u>\$ 5,355,719</u></u>	<u><u>\$ 5,425,212</u></u>
<b>Disbursements:</b>		
Library Services:		
Public Service and Programs	1,964,088	2,013,262
Collection Development and Processing	998,385	981,230
Support Services:		
Facilities Operation and Maintenance	488,916	478,780
Information Services	122,562	110,660
Business Administration	762,270	771,497
Capital Outlay	317,772	316,888
<b>Total Disbursements</b>	<u><u>\$ 4,653,993</u></u>	<u><u>\$ 4,672,317</u></u>
<b>Increase (Decrease) in Net Position</b>	\$ 701,726	\$ 752,895
Net Position, January 1	4,455,995	3,703,100
Net Position, December 31	<u><u>\$ 5,157,721</u></u>	<u><u>\$ 4,455,995</u></u>

Program receipts are primarily comprised of patron fines and fees, operating grants, contributions and donations.

General receipts represented 98 percent of the Library's overall receipts in 2017. The consistent funding receipts enabled the Library to maintain its public services and collection development.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, information services and business administration represent the cost of operating the Library. Total disbursements increased from the prior year due to expansion of public service staff and programs.

**Governmental Activities**

On the Statement of Activities, the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, and Capital Outlay. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of those services supported by unrestricted general receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3  
Governmental Activities - Cash Basis

	<b>Total Cost of Services 2017</b>	<b>Net Cost of Services 2017</b>
Library Services		
Public Service and Program	\$ 1,964,088	\$1,885,593
Collection Development and Processing	998,385	998,385
Support Services		
Facilities Operation and Maintenance	488,916	488,916
Information Services	122,562	122,562
Business Administration	762,270	762,270
Capital Outlay	317,772	317,772
<b>Total Disbursements</b>	<b>\$ 4,653,993</b>	<b>\$4,575,498</b>
	<b>Total Cost of Services 2016</b>	<b>Net Cost of Services 2016</b>
Library Services		
Public Service and Program	\$ 2,013,262	\$1,775,996
Collection Development and Processing	981,230	981,230
Support Services		
Facilities Operation and Maintenance	478,780	478,780
Information Services	11,660	11,660
Business Administration	771,497	771,497
Capital Outlay	316,888	316,888
<b>Total Disbursements</b>	<b>\$ 4,573,317</b>	<b>\$4,336,051</b>

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
*(Unaudited)*

**The Library's Funds**

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds are the General Fund and the Building & Repair Fund. During 2017, the General Fund balance increased by \$47,691 and the Building & Repair Fund balance increased \$653,381. The increase in the General Fund balance is due to transferring less funds to the Building & Repair Fund than the prior year. The increase in the Building & Repair Fund can be attributed to preparing for the funding needed for repairs, renovations, and development of facilities in future years per the Master Facilities Plan.

**General Fund Budgeting Highlights**

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

During the course of 2017, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Library had capital outlay disbursements of \$317,772 during 2017.

**Debt Administration**

The Library had no outstanding debt at December 31, 2017.

**Economic Factors**

Funding from the State of Ohio for the Public Library Fund (PLF) changed in July 2017 from 1.7% of the State's General Fund Revenue to 1.68%. The potential growth of the PLF due to the increase in the State's General fund revenue was offset by the decrease in the percentage of the State's General Fund Revenue that the PLF receives, therefore, the amount received from the PLF was consistent between 2017 and 2016.

The economy and property values in the Licking County Library district has remained stable the past couple of years causing property tax levy receipts to be consistent.

**Licking County Library**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
*(Unaudited)*

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while the future of the PLF, which is heavily relied on for funding, is uncertain. In addition, the Board of Trustees is cognizant that the renewal of the 1 mill property levy does not generate any new revenue; therefore, it wants to insure the property tax revenue is spent wisely to provide quality services for numerous years before potentially needing to ask the voters for the passage of an additional levy.

**Request for Information**

This financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives to all those interested in the Library's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Sandra Lodge, Fiscal Officer, 101 West Main Street, Newark, Ohio 43055.

**Licking County Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,157,721
<i>Total Assets</i>	\$ 5,157,721
 <b>Net Position</b>	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 2,951
Nonexpendable	69,266
Unrestricted	5,085,504
<i>Total Net Position</i>	\$ 5,157,721

See accompanying notes to the basic financial statements

**Licking County Library**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2017*

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 1,964,088	\$ 58,548	\$ 19,947	\$ (1,885,593)
Collection Development and Processing	998,385	-	-	\$ (998,385)
Support Services:				
Facilities Operation and Maintenance	488,916	-	-	\$ (488,916)
Information Services	122,562	-	-	\$ (122,562)
Business Administration	762,270	-	-	\$ (762,270)
Capital Outlay	317,772	-	-	\$ (317,772)
<i>Total Governmental Activities</i>	<u>\$ 4,653,993</u>	<u>\$ 58,548</u>	<u>\$ 19,947</u>	<u>(4,575,498)</u>

General Receipts:	
Property Taxes Levied for General Purposes	2,167,963
Public Library Funds	2,681,979
Intergovernmental	278,638
Earnings on Investments	39,047
Miscellaneous	109,597
<i>Total General Receipts</i>	<u>5,277,224</u>
Change in Net Position	701,726
<i>Net Position Beginning of Year</i>	<u>4,455,995</u>
<i>Net Position End of Year</i>	<u>\$ 5,157,721</u>

See accompanying notes to the basic financial statements

**Licking County Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,566,088	\$ 3,519,416	\$ 72,217	\$ 5,157,721
<i>Total Assets</i>	<u>\$ 1,566,088</u>	<u>\$ 3,519,416</u>	<u>\$ 72,217</u>	<u>\$ 5,157,721</u>
<b>Fund Balances</b>				
Nonspendable	\$ -	\$ -	\$ 69,266	\$ 69,266
Restricted	-	-	2,951	2,951
Assigned	135,264	3,519,416	-	\$ 3,654,680
Unassigned (Deficit)	1,430,824	-	-	1,430,824
<i>Total Fund Balances</i>	<u>\$ 1,566,088</u>	<u>\$ 3,519,416</u>	<u>\$ 72,217</u>	<u>\$ 5,157,721</u>

See accompanying notes to the basic financial statements



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

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,167,963	\$ -	\$ -	\$ 2,167,963
Public Library Fund	2,681,979	-	-	2,681,979
Intergovernmental	278,638	-	-	278,638
Patron Fines and Fees	55,389	-	-	55,389
Services Provided to Other Entities	3,159	-	-	3,159
Contributions, Gifts and Donations	19,947	-	-	19,947
Earnings on Investments	13,785	24,180	1,082	39,047
Miscellaneous	109,597	-	-	109,597
<i>Total Receipts</i>	<u>5,330,457</u>	<u>24,180</u>	<u>1,082</u>	<u>5,355,719</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,964,088	-	-	1,964,088
Collection Development and Processing	998,385	-	-	998,385
Support Services:				
Facilities Operation and Maintenance	488,916	-	-	488,916
Information Services	122,562	-	-	122,562
Business Administration	730,098	32,172	-	762,270
Capital Outlay	129,144	188,628	-	317,772
<i>Total Disbursements</i>	<u>4,433,193</u>	<u>220,800</u>	<u>-</u>	<u>4,653,993</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>897,264</u>	<u>(196,620)</u>	<u>1,082</u>	<u>701,726</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	427	850,000	-	850,427
Transfers Out	(850,000)	-	(427)	(850,427)
<i>Total Other Financing Sources (Uses)</i>	<u>(849,573)</u>	<u>850,000</u>	<u>(427)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	47,691	653,380	655	701,726
<i>Fund Balances Beginning of Year</i>	<u>1,518,397</u>	<u>2,866,036</u>	<u>71,562</u>	<u>4,455,995</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,566,088</u>	<u>\$ 3,519,416</u>	<u>\$ 72,217</u>	<u>\$ 5,157,721</u>

See accompanying notes to the basic financial statements

**Licking County Library**  
*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			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,169,593	\$ 2,167,893	\$ 2,167,963	\$ 70
Public Library	2,728,117	2,650,000	2,681,979	31,979
Intergovernmental	278,670	278,638	278,638	-
Patron Fines and Fees	104,960	49,994	55,389	5,395
Services Provided to Other Entities	2,067	2,831	3,159	328
Contributions, Gifts and Donations	107,750	16,214	19,947	3,733
Earnings on Investments	12,100	10,193	13,785	3,592
Miscellaneous	64,313	96,729	109,597	12,868
<i>Total Receipts</i>	<u>5,467,570</u>	<u>5,272,492</u>	<u>5,330,457</u>	<u>57,965</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	2,055,329	2,122,342	1,964,088	158,254
Collection Development and Processing	1,078,830	1,087,575	998,385	89,190
Support Services:				
Facilities Operation and Maintenance	554,636	556,575	488,916	67,659
Information Services	166,230	150,788	122,562	28,226
Business Administration	879,658	871,494	730,098	141,396
Capital Outlay	133,797	211,913	129,144	82,769
<i>Total Disbursements</i>	<u>4,868,480</u>	<u>5,000,687</u>	<u>4,433,193</u>	<u>567,494</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>599,089</u>	<u>271,805</u>	<u>897,264</u>	<u>625,459</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,000	426	427	1
Transfers Out	(850,000)	(850,000)	(850,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(849,000)</u>	<u>(849,574)</u>	<u>(849,573)</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	(249,911)	(577,769)	47,691	625,460
<i>Unencumbered Fund Balance Beginning of Year</i>	1,400,149	1,400,149	1,400,149	-
Prior Year Encumbrances Appropriated	118,248	118,248	118,248	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,268,486</u>	<u>\$ 940,628</u>	<u>\$ 1,566,088</u>	<u>\$ 625,460</u>

See accompanying notes to the basic financial statements

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Description of the Library and Reporting Entity**

The Licking County Library (the Library) was organized as a county district public library in August 2008 under the laws of the State of Ohio. Previously the Library was organized as a school district public library in 1908 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Licking County Commissioners and the Licking County Common Pleas Court. 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, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of Licking County, although the County serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Licking County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on Licking County.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library has no related organizations or jointly governed organizations.

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. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Mary E. Babcock Friends, Inc., the Buckeye Lake Friends Group, and the Licking County Friends Group are not-for-profit organizations with a self-appointing board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this note, the financial statements of the Licking County Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to cash basis of accounting.

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**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. 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 charges for services. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library had no business-type activities during the years ended December 31, 2017.

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 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 financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. 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.

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

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

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.

***Basis of Accounting***

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

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

***Budgetary Process***

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees. The Fiscal Officer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

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

***Cash and Cash Equivalents***

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. The Library followed Ohio Statutes for the allocation of interest earnings among the Library's funds. All funds received interest based on a prorated share of the pool's fund balance at the time of the receipt of interest. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool 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, investments were limited to negotiable certificates of deposit and money market funds.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2017 amounted to \$13,785, none of which were assigned from other Library funds.

The principal amount of the Thomas and Banton funds were combined to purchase a nonnegotiable certificate of deposit. The earned interest was pro-rated based on the amount of initial investment in the certificate of deposit. The earned interest was transferred into the General Fund at the time of receipt.

***Restricted Assets***

Cash, cash equivalents, and investments 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 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.

***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. It also includes the long-term amount of interfund loans.

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Restricted*** Fund balance is 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.

***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.

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

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

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

### ***Interfund Transactions***

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

## **Note 3 – Public Library Fund**

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). In July 2013, the State's biennium budget established that 1.66 percent of the General Revenue Fund (GRF) be allocated to the PLF. In July 2015, the State's biennium budget temporarily increased the PLF to be 1.70 percent of the GRF. In July 2017, the State's biennium budget temporarily set the PLF to be 1.68 percent of the GRF. The PLF is allocated to each county based on the county's prior year PLF and its population. The County Budget Commission allocated 62 percent of these funds to the Library based on the percentage allocation agreement created by the five public library districts in the county. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenue the Library receives. For 2017, the Library received \$2,681,979, in Public Library Funds.

## **Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$135,264 for the general fund for the year ended December 31, 2017. The encumbrances outstanding at year end (budgetary basis) amounted to \$41,519 for the building and repair fund for the year ended December 31, 2017.

## **Note 5 – Deposits and Investments**

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

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

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



**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Deposits and Investments (Continued)**

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

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

At December 31, 2017, the Library had \$2,108.40 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Deposits and Investments (Continued)**

***Deposits***

Custodial 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 December 31, 2017, the Library’s bank balances of \$1,720,347 were fully insured by FDIC or insured by collateral.

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 the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***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:

Investment Type	Value	Percent of Total	Investment Maturities		
			Within 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	\$1,411,562.27	29%	\$1,411,562.27		
Negotiable Certificates of Deposit	\$ 3,524,103.25	71%	\$ 2,042,103.25	\$ 772,000.00	\$ 710,000.00
Total	\$4,935,665.52		\$3,453,665.52	\$772,000.00	\$710,000.00

***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 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.

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Deposits and Investments (Continued)**

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

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer. The Library’s investment percentages are noted in the table above.

**Note 6 – Property Taxes**

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the taxing district of 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.

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 \$1.00 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	\$2,302,367,460
Public Utility Personal Property	<u>147,212,930</u>
Total	<u><u>\$2,449,580,390</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.

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Interfund Transfers**

*Transfers*

The general fund transferred \$850,000 in 2017 to the Building and Repair Fund for preparation of parking lot renovation and expansion at main campus. The Thomas Fund transferred \$427 in 2017 to the General Fund from interest earned on the trust fund.

**Note 8 - 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 several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Auto-Owners	Property	\$ 13,994,837
	General Liability	\$ 1,000,000
	Commercial Crime	\$ 235,000
	Inland Marine	\$ 5,380,000
	Vehicle	\$ 1,000,000
	Employee Dishonesty	\$ 235,000
	Employee Benefits	\$ 1,000,000
	Employer Stop Gap	\$ 1,000,000
	Umbrella	\$ 2,000,000
Philadelphia Indemnity	Director & Officer	\$ 1,000,000
	Employment Practices	\$ 1,000,000

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.

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

**Note 9 - Defined Benefit Pension Plan**

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

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - Defined Benefit Pension Plan (Continued)**

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - Defined Benefit Pension Plan (Continued)**

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

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

	State and Local
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
 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 for the year ended 2017 was \$282,324.43.

## **Note 10 - Postemployment Benefits**

### ***Ohio Public Employees Retirement System***

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

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

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

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority 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.

**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**10 - Postemployment Benefits (Continued)**

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2017, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plans was 1.0% during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 1.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$2,733 for the year 2017.

**Note 11 – Construction and Contractual Commitments**

At December 31, 2017, the Library had \$39,278 in outstanding contractual commitments related to the demolition of two buildings.

**Note 12 – Leases**

The Library leases equipment under noncancelable leases. The Library disbursed \$16,872 to pay lease costs for the year ended December 31, 2017. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$16,500
2019	16,500
2020	<u>16,500</u>
Total	<u><u>\$49,500</u></u>

**Note 13 – Contingent Liabilities**

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



**Licking County Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 14 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2017 are presented below:

Fund Balances	General	Building & Repair Fund	Other Governmental Funds	Total
<b>Nonspendable for</b>				
Endowment for Children's Services	\$ -	\$ -	\$ 69,266	\$ 69,266
<b>Restricted for</b>				
Children's Services	-	-	2,951	2,951
<b>Assigned to</b>				
Capital Improvements at Main and branches	-	3,477,897	-	3,477,897
Encumbrances for 2018	135,264	41,519	-	176,783
<i>Total Assigned to</i>	<u>135,264</u>	<u>3,519,416</u>	<u>-</u>	<u>3,654,680</u>
<b>Unassigned</b>				
Unencumbered	1,430,824			1,430,824
<i>Total Fund Balances</i>	<u>\$ 1,566,088</u>	<u>\$ 3,519,416</u>	<u>\$ 72,217</u>	<u>\$ 5,157,721</u>



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

Licking County Library  
Licking County  
101 West Main Street  
Newark, Ohio 43055

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Licking County Library, Licking County, (the Library) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 3, 2019, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

***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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Village's Response to Findings***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

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

*BHM CPA Group*

BHM CPA Group, Inc.  
Piketon, Ohio  
May 3, 2019

**Licking County Library**  
**Licking County, Ohio**  
*Schedule of Findings*  
*For the Fiscal Years Ended December 31, 2018 and 2017*

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**FINDING NUMBER 2018-001**

**Material Weakness - Financial Reporting**

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

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

The Licking County Probate Court approved the liquidation of assets of the Banton Fund and Thomas Fund and for the funds to be transferred to the Licking County Foundation as a sub-fund of the Licking County Library Endowment Fund in September 2018. The liquated and transferred funds of the Banton Fund and Thomas Fund shall continue to be used solely for the operation of a children's room or children's reading area in the main library or in any branch thereof.

The Library should have classified this transaction as a special item on the financial statement rather than a transfer-out in the amount of \$72,722.

To ensure the Library's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer consult Local Government Services for guidance on the correct line item to post various receipts and expenditures of the Library.

**Client Response:**

Management did request assistance from the state auditor's office on how to record the transaction as there was no found precedent of recording this type of transaction. The state auditor's office replied that they were unable to give advice on the recording of the transaction and it was a management decision. Management chose to reflect the transaction as a transfer to signify the money was not spent and would still be available to support the library. In addition, footnote disclosure of the transaction was provided to the readers of the financial statements so that the readers had complete and accurate knowledge of the transaction.

OHIO AUDITOR OF STATE  
**KEITH FABER**



LICKING COUNTY LIBRARY

LICKING 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  
JULY 18, 2019