



OHIO AUDITOR OF STATE
KEITH FABER



**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Athens County Public Libraries
Athens County
95 West Washington Street
Nelsonville, Ohio 45764

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Athens County Public Libraries, Athens County, Ohio (the Library).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Library, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding this matter. Also, as discussed in Note 13 to the financial statements, during 2019, the Library restated fund balances as of December 31, 2018. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2021, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber
Auditor of State
Columbus, Ohio

August 17, 2021

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Athens County Public Library
Athens County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,460,543	\$0	\$0	\$1,460,543
Public Library	2,010,815	0	0	2,010,815
Intergovernmental	0	186,891	0	186,891
Patron Fines and Fees	14,001	0	0	14,001
Contributions, Gifts and Donations	40,961	29,975	0	70,936
Earnings on Investments	10,388	0	0	10,388
Miscellaneous	36,342	0	0	36,342
<i>Total Cash Receipts</i>	<u>3,573,050</u>	<u>216,866</u>	<u>0</u>	<u>3,789,916</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	894,962	17,439	0	912,401
Collection Development and Processing	305,978	4,492	0	310,470
Support Services:				
Facilities Operation and Maintenance	307,825	51,119	0	358,944
Information Services	132,903	0	0	132,903
Business Administration	1,622,104	84,465	0	1,706,569
Capital Outlay	0	0	88,572	88,572
<i>Total Cash Disbursements</i>	<u>3,263,772</u>	<u>157,515</u>	<u>88,572</u>	<u>3,509,859</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>309,278</u>	<u>59,351</u>	<u>(88,572)</u>	<u>280,057</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	0	200,000	200,000
Transfers Out	(200,000)	0	0	(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	109,278	59,351	111,428	280,057
<i>Fund Cash Balances, January 1</i>	947,114	20,711	689,561	1,657,386
<i>Fund Cash Balances, December 31</i>	<u>\$1,056,392</u>	<u>\$80,062</u>	<u>\$800,989</u>	<u>\$1,937,443</u>

See accompanying notes to the basic financial statements

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Athens County Public Libraries
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Athens County Public Libraries, Athens County (the Library), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Nelsonville York City School District Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Jointly Governed Organizations and Related Organizations

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", the Library is considered to be a related organization of the Nelsonville-York City School District. The Library participates in two jointly governed organizations Note 11 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Coronavirus Relief Fund The Coronavirus Relief Fund accounts for and reports intergovernmental funding restricted for expenditures consistent with federal allowability guidelines.

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

Capital Projects Fund The Capital Projects Fund accounts for monies set aside by the board of Library Trustees specifically for major capital improvements.

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2020

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2020

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,349,263	\$3,573,050	\$223,787
Special Revenue	212,297	216,866	4,569
Capital Projects	200,000	200,000	0
Total	\$3,761,560	\$3,989,916	\$228,356

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,242,625	\$3,633,835	\$608,790
Special Revenue	233,000	165,904	67,096
Capital Projects	854,052	88,572	765,480
Total	\$5,329,677	\$3,888,311	\$1,441,366

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2020

	2020
Cash Management Pool:	
Demand Deposits	\$930,317
STAR Ohio	1,007,126
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$1,937,443

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Library is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Grants in Aid and Taxes

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

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

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

Note 6 – Risk Management

Workers’ Compensation

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

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2020

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Construction and Contractual Commitments

At the end of 2020, the Library is under contract for construction at the Athens Branch, with Fern Hollow Farm LLC. They are working on an outdoor play space for children.

Note 10 – Contingent Liabilities

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

Note 11 – Jointly Governed Organizations and Related Transactions

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Library is a dues-paying participant in the Ohio Library Council (OLC), and Southeast Regional Library System (SERLS).

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2020

The Southeast Regional Library System

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provision of § 3375.70 and § 3375.73 of the Ohio Revised Code. Membership dues are paid to belong to this organization which is governed by its own set of by-laws. 2019 participating libraries include Sylvester Memorial Wellston Public Library, Jackson City, Oak Hill, University of Rio Grande, Dr. Samuel Bossard Memorial, Portsmouth City, Garnet A Wilson, Chillicothe & Ross County, Pickaway County, Fairfield County, Grandview Heights, Pickerington Westerville, Homer, Licking County, Guernsey County, Belmont College, Belmont County, Bellaire, Meigs County, Perry County, Logan-Hocking County, Athens County, Bexley, Briggs Lawrence, Granville, OH Dept. of Natural Resources, St Clairsville, Wagnalls Memorial, Washington County, and Herbert Wescoat. A 14 member board sets policy and hires a director and fiscal officer who oversee the day-to-day operations of SERLS. The Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on SERLS' Board of Trustees. The Library paid SERLS \$1,296 during 2020 for membership fees and related services.

Ohio Library Council

The Ohio Library Council is the statewide professional association which represents the interests of Ohio's public libraries, their trustees, Friends and staffs. The membership of the OLC is composed of public library systems, library trustees, Friends of the Library groups, library staff members, other library institutions, and library-related commercial vendors. The OLC is governed by a Board of Directors composed of three library employees, three library trustees currently serving on library boards, and seven at-large members. Also involved in the governance of the OLC are the members who volunteer to participate in the activities of the association's Committees and Divisions. Members pay membership fees. The OLC serves as the forum in which Ohio's public library community is strengthened through advocacy, education, collaboration, and innovation. The Library paid OLC \$6,755 for membership fees and related services in 2020.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Library received \$6,892 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund (See AOS Bulletin 2000-008.)

Note 13 – Fund Balances

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2020

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$0	\$0	\$0	\$0
Corpus	0	0	0	0
Outstanding Encumbrances	170,063	8,389	0	178,452
Total	\$170,063	\$8,389	\$0	\$178,452

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would including the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 14 – Change in Accounting Principle

For 2020, the Library has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. The change did not result in any restatement. .

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Athens County Public Library
Athens County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,082,606	\$0	\$0	\$1,082,606
Public Library	2,014,575	0	0	2,014,575
Intergovernmental	41,114	0	0	41,114
Patron Fines and Fees	28,156	0	0	28,156
Contributions, Gifts and Donations	34,160	30,153	0	64,313
Earnings on Investments	33,328	0	0	33,328
Miscellaneous	35,134	0	0	35,134
<i>Total Cash Receipts</i>	<u>3,269,073</u>	<u>30,153</u>	<u>0</u>	<u>3,299,226</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	743,204	26,627	0	769,831
Collection Development and Processing	328,038	4,195	0	332,233
Support Services:				
Facilities Operation and Maintenance	467,925	0	0	467,925
Information Services	143,299	0	0	143,299
Business Administration	1,638,041	715	0	1,638,756
Capital Outlay	0	0	356,518	356,518
<i>Total Cash Disbursements</i>	<u>3,320,507</u>	<u>31,537</u>	<u>356,518</u>	<u>3,708,562</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-51,434</u>	<u>-1,384</u>	<u>-356,518</u>	<u>-409,336</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	0	350,000	350,000
Transfers Out	-350,000	0	0	-350,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-350,000</u>	<u>0</u>	<u>350,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	-401,434	-1,384	-6,518	-409,336
<i>Fund Cash Balances, January 1- Restated</i>	<u>1,348,548</u>	<u>22,095</u>	<u>696,079</u>	<u>2,066,722</u>
Fund Cash Balances, December 31				
Restricted	0	20,711	0	20,711
Assigned	947,114	0	689,561	1,636,675
<i>Fund Cash Balances, December 31</i>	<u>\$947,114</u>	<u>\$20,711</u>	<u>\$689,561</u>	<u>\$1,657,386</u>

See accompanying notes to the basic financial statements

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Athens County Public Libraries
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Athens County Public Libraries, Athens County (the Library), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Nelsonville York City School District Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Jointly Governed Organizations and Related Organizations

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", the Library is considered to be a related organization of the Nelsonville-York City School District. The Library participates in two jointly governed organizations Note 11 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Friends of Athens Library Fund The Friends of Athens Library Fund accounts for and reports donations and contributions restricted for certain functions within the Library.

O'Bleness Foundation Fund The O'Bleness Foundation Fund accounts for and reports donations and contributions restricted for certain functions within the Library.

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

Capital Projects Fund The Capital Projects Fund accounts for monies set aside by the board of Library Trustees specifically for major capital improvements.

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,036,390	\$3,269,073	\$232,683
Special Revenue	28,515	30,153	1,638
Capital Projects	350,000	350,000	0
Total	\$3,414,905	\$3,649,226	\$234,321

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,359,729	\$3,724,744	\$634,985
Special Revenue	53,582	31,537	22,045
Capital Projects	1,020,456	392,027	628,429
Total	\$5,433,767	\$4,148,308	\$1,285,459

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

	2019
Cash Management Pool:	
Demand Deposits	\$258,413
STAR Ohio	1,398,973
<i>Total carrying amount of deposits and investments held in the Pool</i>	<i>\$1,657,386</i>

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2019, the Library is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Grants in Aid and Taxes

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

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

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

Note 6 – Risk Management

Workers’ Compensation

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

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

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

Note 9 – Construction and Contractual Commitments

Athens County Public Libraries is currently under contract and construction at the Athens Branch. These construction projects are through Greenlots, and Fern Hollow Farm LLC. Greenlots is working on electric car charging stations. Fern Hollow Farm LLC is working on an outdoor play space at the Athens branch for children.

Note 10 – Contingent Liabilities

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

Note 11 – Jointly Governed Organizations and Related Transactions

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Library is a dues-paying participant in the Ohio Library Council (OLC), and Southeast Regional Library System (SERLS).

Athens County Public Libraries
Athens County
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2019

The Southeast Regional Library System

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provision of § 3375.70 and § 3375.73 of the Ohio Revised Code. Membership dues are paid to belong to this organization which is governed by its own set of by-laws. 2019 participating libraries include Sylvester Memorial Wellston Public Library, Jackson City, Oak Hill, University of Rio Grande, Dr. Samuel Bossard Memorial, Portsmouth City, Garnet A Wilson, Chillicothe & Ross County, Pickaway County, Fairfield County, Grandview Heights, Pickerington Westerville, Homer, Licking County, Guernsey County, Belmont College, Belmont County, Bellaire, Meigs County, Perry County, Logan-Hocking County, Athens County, Bexley, Briggs Lawrence, Granville, OH Dept. of Natural Resources, St Clairsville, Wagnalls Memorial, Washington County, and Herbert Wescoat. A 14 member board sets policy and hires a director and fiscal officer who oversee the day-to-day operations of SERLS. The Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on SERLS' Board of Trustees. The Library paid SERLS \$1,202 during 2019 for membership fees and related services.

Ohio Library Council

The Ohio Library Council is the statewide professional association which represents the interests of Ohio's public libraries, their trustees, Friends and staffs. The membership of the OLC is composed of public library systems, library trustees, Friends of the Library groups, library staff members, other library institutions, and library-related commercial vendors. The OLC is governed by a Board of Directors composed of three library employees, three library trustees currently serving on library boards, and seven at-large members. Also involved in the governance of the OLC are the members who volunteer to participate in the activities of the association's Committees and Divisions. Members pay membership fees. The OLC serves as the forum in which Ohio's public library community is strengthened through advocacy, education, collaboration, and innovation. The Library paid \$8,681 for membership fees and related services in 2019.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13: Restatement of Fund Balance

During 2019, the Library re-evaluated prior year donation receipts, which resulted in a prior period restatement to the December 31, 2018 fund balances for the General and Special Revenue funds. The Library has made a restatement to report the receipts to the correct fund.

Fund	Original Fund Balance at December 31, 2018	Restatement	Restated Balance at December 31, 2018
General Fund	\$1,345,576	\$2,972	\$1,348,548
Friends of Athens Library Fund	25,067	(2,972)	22,095

OHIO AUDITOR OF STATE KEITH FABER



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

Athens County Public Libraries
Athens County
95 West Washington Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Athens County Public Libraries, Athens County, Ohio (the Library), and have issued our report thereon dated August 17, 2021, wherein we noted the Library followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the Library restated beginning fund balances during 2019 and noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Library.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2020-001 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 financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

Library's Response to the Finding

The Library's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Library'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.



Keith Faber
Auditor of State
Columbus, Ohio

August 17, 2021

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding 2020-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.14 provides that no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise, except for certain exceptions.

Further, in our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In 2019, the Board transferred \$4,458 from the Friends of the Library Fund (2003) to the General Fund (1000) to reallocate receipts based on a reevaluation of underlying support for donations received in 2017 through 2019. This transfer does not meet the statutorily provided exceptions and, as such, is not an allowable transfer. However, the reclassification of the underlying donations was deemed reasonable. As such, the following audit adjustments were posted to properly account for this restatement:

- General Fund- a decrease in Transfers In of \$4,458, an increase in Fund Cash Balances, January 1 of \$2,972, and an increase in Contributions, Gifts and Donations of \$1,486.
- Special Revenue- a decrease in Transfers Out of \$4,458, a decrease in Fund Cash Balances, January 1 of \$2,972, and a decrease in Contributions, Gifts and Donations of \$1,486.

These misstatements were caused by confusion over proper posting. As a result, these adjustments, with which the Library's management agrees, were made to the financial statements and are reflected in the accompanying financial statements and notes.

The Fiscal Officer should take additional care in posting transactions in order to ensure the financial statements reflect all appropriate activity. Further, the Board should only make transfers in accordance with exceptions statutorily deemed allowable.

Official's Response: The Fiscal Officer will take additional care in posting transactions correctly when received, or expended. In the chance that a mistake is made, the Fiscal Officer will take additional care to make sure the amounts are reallocated correctly. We thank the Auditor of State's office for explaining this process, and will make steps in the future for improvement.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 and 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness for revenue and expenditure transactions incorrectly posted and improper equity classifications resulting in material audit adjustments.	Partially Corrected	Transfers were also incorrectly posted in the current period resulting in audit adjustment. See the Official Response in the Schedule of Findings.
2018-002	Material Weakness relating to budgetary amounts in the accounting system not agreeing to formally approved budgetary measures.	Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



ATHENS COUNTY PUBLIC LIBRARIES

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/31/2021

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