



OHIO AUDITOR OF STATE
KEITH FABER



**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

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CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Chillicothe and Ross County Public Library
Ross County
140 South Paint Street
Chillicothe, Ohio 45601

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County, Ohio (the Library), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2021 and 2020, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General fund for the years then ended in accordance with the modified cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 14 for year ended December 31, 2020 and Note 12 for year ended December 31, 2021 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 28, 2022

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Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

This discussion and analysis of the Chillicothe & Ross County Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2021, within the limitations of the library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2021 are as follows:

Net position of governmental activities decreased \$538,057 or 10.4% during 2021.

The Library's general receipts are composed primarily of receipts from the Public Library Fund and levy proceeds from property taxes. These funds represent 54.5% and 39.7% respectively of the total cash received for governmental activities during the year. Public Library Fund receipts for 2021 were \$332,841 more than what was received in 2020. In 2021, the Ohio legislature voted to maintain the Public Library Fund at 1.7% of General Revenue Fund receipts.

On April 28 of 2020, Ross County voters approved a 1.5 mill continuing levy which will ensure the financial stability of the library in the future. This resulted in proceeds of \$2,075,143 for 2021.

At the onset of the COVID-19 pandemic in early 2020, the library was forced to close its doors and create way to provide materials, information and programming to patrons in new and innovative ways. We went through several phases of "re-opening" including drive-through only, inside service with reduced hours, curbside only and our phases continued to ebb and flow in 2021 with the directives received from the Governor and the Ross County Health Department. Several projects to improve patron and employee health and safety were concluded in 2021 that were funded with Coronavirus Relief Funds received in 2020.

The Library was not under contract for any major construction projects at the end of 2021. However, several capital improvement projects were completed during the year:

- Opening of the new Kingston branch building located at 29 N. Main Street, Kingston.
- Significant parking lot improvements at the Main Library and Annex located at 140-146 S. Paint Street, Chillicothe.
- HVAC updates at the Annex (140 S. Paint St.) and updated HVAC control systems at the Main, Northside, and Kingston locations.
- Completed installation of touchless appliances and entry doors in 2021, using CARES Act funding that was received in 2020.

The Library launched several projects in 2021 aimed at improving access to library materials and technology:

- The Library was awarded funding from the Emergency Connectivity Fund to expand our hotspot lending program in 2021. This program provided 500 T-Mobile hotspots for the duration of the school year to students in Ross County that lack adequate internet connectivity at home.

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

- Through the State Library of Ohio, the Library secured an American Rescue Plan Act grant that is providing funding to install book lockers and wi-fi access points in two Ross County communities that are not located near a library branch.
- A grant from United Way of Ross County secured in 2020 assisted us in funding a patron Chromebook lending program that began in 2021.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2021, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the condition of the Library's capital assets and the extent of the Library's debt obligations.

In the statement of net position and the statement of activities, the Library has one type of activity:

Governmental activities. Most of the Library's basic services are reported here, including library services, support services, capital outlay and debt service. State tax revenues and levy proceeds finance most of these activities.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used, is being spent for the intended purpose. The funds of the Library are all considered governmental.

Governmental Funds – The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2021 compared to 2020 on a modified cash basis:

(Table 1)
Net Position

| | Governmental Activities | |
|-----------------------------|-------------------------|---------------------|
| | 2021 | 2020 |
| Assets | | |
| Cash, Cash Equivalents, and | | |
| Investments | \$ 4,603,323 | \$ 5,141,380 |
| Restricted Cash | \$ 20,500 | \$ 20,500 |
| Total Assets | \$ 4,623,823 | \$ 5,161,880 |
| Net Assets | | |
| Restricted for: | | |
| Capital Projects | \$ 1,512,920 | \$ 2,719,662 |
| Other Purposes | \$ 81,780 | \$ 142,496 |
| Unrestricted | \$ 3,029,123 | \$ 2,299,722 |
| Total Net Assets | \$ 4,623,823 | \$ 5,161,880 |

As mentioned previously, net position of governmental activities decreased \$538,057 or 10.4% during 2021.

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Table 2 reflects the changes in net position in 2021 as compared to 2020:

(Table 2)
Changes in Net Position

| | Governmental Activities 2021 | Governmental Activities 2020 |
|--|------------------------------------|------------------------------------|
| | <u>2021</u> | <u>2020</u> |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | 14,616 | 10,182 |
| Operating Grants and Contributions | 73,800 | 230,242 |
| Total Program Receipts | <u>88,416</u> | <u>240,424</u> |
| General Receipts: | | |
| Unrestricted Gifts | 10,063 | 20 |
| Grants/Entitlements not Restricted to Specific Programs | 2,855,107 | 2,504,171 |
| Property Taxes | 2,016,496 | 1,990,524 |
| Sale of Capital Assets | 369 | - |
| Interest | 7,340 | 43,307 |
| Miscellaneous | 97,517 | 74,036 |
| Total General Receipts | <u>4,986,892</u> | <u>4,612,058</u> |
| Total Receipts | <u>5,075,308</u> | <u>4,852,482</u> |
| | | |
| Disbursements: | | |
| Library Services | 4,112,841 | 3,454,240 |
| Capital Outlay | 1,500,524 | 916,489 |
| Total Disbursements | <u>5,613,365</u> | <u>4,370,729</u> |
| | | |
| Increase (Decrease) in Net Position | (538,057) | 481,753 |
| | | |
| Net Position, January 1, 2021/2020 | <u>5,161,880</u> | <u>4,680,127</u> |
| Net Position, December 31, 2021/2020 | <u>4,623,823</u> | <u>5,161,880</u> |

Operating Grants and Contributions revenues decreased \$156,442 and Library Services expenditures increased \$658,601 due to COVID-19 funding. Revenues received in 2020 were spent by the Library in 2021. Capital Outlay expenditures decreased \$584,035 due to construction project ending in 2020. Grants/Entitlements not Restricted to Specific Programs increased by \$350,936 due to increase in Public Library Fund receipts in 2021.

Program receipts represent only 1.74% of total receipts. Program receipts primarily include patron fines for damaged materials, charges for copies and prints, sale of supplies and restricted contributions for specific library programs such as our annual summer reading program.

Chillicothe & Ross County Public Library
 Management's Discussion and Analysis
 For the Year Ended December 31, 2021
 Unaudited

General receipts represent 98.26% of the Library's total receipts, and of this amount, 56.25% are from the Public Library Fund and 39.73% are from levy proceeds. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Governmental Activities

If you look at the Statement of Activities report, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is Library Services, which accounts for 73.27% of all governmental disbursements while Capital Outlay accounts for 26.73% of all governmental disbursements. The next three columns of the Statement entitled Program Cash 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 the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3:

(Table 3)

Governmental Activities

| | Total Cost Of Services 2020 | Net Cost of Services 2020 |
|------------------|-----------------------------------|---------------------------------|
| | <u>2020</u> | <u>2020</u> |
| Library Services | 4,112,841 | (4,112,841) |
| Capital Outlay | 1,500,524 | (1,500,524) |
| Total Expenses | <u>5,613,365</u> | <u>(5,613,365)</u> |

The Library's Funds

Total library funds had receipts of \$5,074,936 and disbursements of \$5,613,362.

General Fund receipts were greater than disbursements by \$729,401.

General Fund Budgeting Highlights

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

During 2021, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts increased from original budgeted receipts by \$320,832.

Final disbursements were budgeted at \$5,587,847 while actual disbursements were \$4,601,127. The library kept spending below budgeted amounts as demonstrated by the reported variances.

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Library keeps track of its capital assets in an Excel spreadsheet format.

Debt

The Library has no outstanding debt.

Current Issues

With the passage of a 1.5 mill, continuing operating levy in April of 2020, the library has taken steps to secure its financial future during times of stagnant funding for the Public Library Fund.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cassie Schaaf Stout, Chief Fiscal Officer, Chillicothe & Ross County Public Library, PO Box 185, 140 S. Paint Street, Chillicothe, OH 45601 or cstout@crepl.org.

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Chillicothe & Ross County Public Library
Statement of Net Position - Modified Cash Basis
December 31, 2021

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$4,603,323 |
| Restricted Cash | 20,500 |
| <i>Total Assets</i> | <i>\$4,623,823</i> |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$1,512,920 |
| Permanent Fund Purpose: | |
| Expendable | 2,714 |
| Nonexpendable | 20,500 |
| Other Purposes | 58,566 |
| Unrestricted | 3,029,123 |
| <i>Total Net Position</i> | <i>\$4,623,823</i> |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2021

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position |
|--------------------------------------|-----------------------|---|---------------------------------------|---|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| Current: | | | | |
| Library Services: | \$4,112,841 | \$14,616 | \$73,800 | (4,024,425) |
| Capital Outlay | 1,500,524 | 0 | 0 | (1,500,524) |
| <i>Total Governmental Activities</i> | <u>5,613,365</u> | <u>14,616</u> | <u>73,800</u> | <u>(5,524,949)</u> |
| | | General Receipts: | | |
| | | Property Taxes Levied for General Purposes | 2,016,496 | |
| | | Unrestricted Gifts and Contributions | 10,063 | |
| | | Grants/Entitlements not Restricted to Specific Programs | 2,855,107 | |
| | | Sale of Capital Assets | 369 | |
| | | Earnings on Investments | 7,340 | |
| | | Miscellaneous | 97,517 | |
| | | <i>Total General Receipts</i> | <u>4,986,892</u> | |
| | | Change in Net Position | | (538,057) |
| | | <i>Net Position Beginning of Year</i> | | <u>5,161,880</u> |
| | | <i>Net Position End of Year</i> | | <u>\$4,623,823</u> |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2021

| | General | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|----------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,029,123 | \$1,512,920 | \$61,280 | \$4,603,323 |
| Restricted Cash | 0 | 0 | 20,500 | 20,500 |
| <i>Total Assets</i> | <u>\$3,029,123</u> | <u>\$1,512,920</u> | <u>\$81,780</u> | <u>\$4,623,823</u> |
| Fund Balances | | | | |
| Nonspendable | \$0 | \$0 | \$20,500 | \$20,500 |
| Restricted | 0 | 0 | 61,280 | 61,280 |
| Committed | 188,325 | 12,102 | 0 | 200,427 |
| Assigned | 2,427,307 | 1,500,818 | 0 | 3,928,125 |
| Unassigned (Deficit) | 413,491 | 0 | 0 | 413,491 |
| <i>Total Fund Balances</i> | <u>\$3,029,123</u> | <u>\$1,512,920</u> | <u>\$81,780</u> | <u>\$4,623,823</u> |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

| | General | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|----------------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$2,016,496 | \$0 | \$0 | \$2,016,496 |
| Public Library | 2,767,521 | 0 | 0 | 2,767,521 |
| Intergovernmental | 87,586 | 0 | 69,119 | 156,705 |
| Patron Fines and Fees | 13,589 | 0 | 0 | 13,589 |
| Contributions, Gifts and Donations | 14,666 | 0 | 0 | 14,666 |
| Earnings on Investments | 4,616 | 0 | 2,802 | 7,418 |
| Miscellaneous | 98,544 | 0 | 0 | 98,544 |
| <i>Total Receipts</i> | <u>5,003,018</u> | <u>0</u> | <u>71,921</u> | <u>5,074,939</u> |
| Disbursements | | | | |
| Current: | | | | |
| Library Services: | 4,001,104 | 32,168 | 79,569 | 4,112,841 |
| Capital Outlay | 272,882 | 1,174,573 | 53,069 | 1,500,524 |
| <i>Total Disbursements</i> | <u>4,273,986</u> | <u>1,206,741</u> | <u>132,638</u> | <u>5,613,365</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>729,032</u> | <u>(1,206,741)</u> | <u>(60,717)</u> | <u>(538,426)</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 369 | 0 | 0 | 369 |
| <i>Total Other Financing Sources (Uses)</i> | <u>369</u> | <u>0</u> | <u>0</u> | <u>369</u> |
| <i>Net Change in Fund Balances</i> | 729,401 | (1,206,741) | (60,717) | (538,057) |
| <i>Fund Balances Beginning of Year</i> | <u>2,299,722</u> | <u>2,719,662</u> | <u>142,496</u> | <u>5,161,880</u> |
| <i>Fund Balances End of Year</i> | <u>\$3,029,123</u> | <u>\$1,512,921</u> | <u>\$81,779</u> | <u>\$4,623,823</u> |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | (Optional) Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$1,964,546 | \$1,995,012 | \$2,016,496 | \$21,484 |
| Public Library | 2,475,385 | 2,725,179 | 2,767,521 | 42,342 |
| Intergovernmental | 95,125 | 81,438 | 87,586 | 6,148 |
| Patron Fines and Fees | 9,000 | 10,500 | 13,589 | 3,089 |
| Contributions, Gifts and Donations | 1,500 | 14,666 | 14,666 | 0 |
| Earnings on Investments | 15,000 | 3,800 | 4,616 | 816 |
| Miscellaneous | 47,100 | 97,893 | 98,544 | 651 |
| <i>Total Receipts</i> | 4,607,656 | 4,928,488 | 5,003,018 | 74,530 |
| Disbursements | | | | |
| Current: | | | | |
| Library Services: | 4,945,674 | 5,001,874 | 4,142,508 | 859,366 |
| Capital Outlay | 613,133 | 585,973 | 458,619 | 127,354 |
| <i>Total Disbursements</i> | 5,558,807 | 5,587,847 | 4,601,127 | 986,720 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (951,151) | (659,359) | 401,891 | 1,061,250 |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 0 | 369 | 369 | 0 |
| Transfers Out | (1,121,536) | (1,429,737) | 0 | 1,429,737 |
| Other Financing Uses | (199,000) | (182,960) | 0 | 182,960 |
| <i>Total Other Financing Sources (Uses)</i> | (1,320,536) | (1,612,328) | 369 | 1,612,697 |
| <i>Net Change in Fund Balance</i> | (2,271,687) | (2,271,687) | 402,260 | 2,673,947 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 2,052,630 | 2,052,630 | 2,052,630 | 0 |
| Prior Year Encumbrances Appropriated | 247,092 | 247,092 | 247,092 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | \$28,035 | \$28,035 | \$2,701,982 | \$2,673,947 |

See accompanying notes to the basic financial statements

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Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Board of Library Trustees of the Chillicothe and Ross County Public Library (the Library) has seven members: three appointed by the Ross County Common Pleas Court Judges and four appointed by the Ross County Commissioners, as established by section 3375.22 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued; contracting; acquiring, holding, processing, and disposing of real and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director, Chief Fiscal Officer, and Deputy Fiscal Officer.

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

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

Related Organizations The Friends of the Chillicothe and Ross County Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has 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, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Library's accounting policies.

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes,

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library has no business-type activities.

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

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

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

Governmental Funds Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds:

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

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

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

The Library's financial statements contain the modification of cash reporting. The Library reports Restricted Cash for Endowment Investments held by the Library as nonexpendable net position (equity).

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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 major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

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

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

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

During 2021, the Library invested in nonnegotiable certificates of deposit, money market funds, brokered certificates of deposit, STAR Ohio, Star Plus and Pennsylvania Power and Light Co. common stock. Investments are reported at cost, except for the money market mutual fund and STAR Ohio and Star Plus. The Library's money market mutual fund investment is recorded at the amount reported by *Kingston National Bank* on December 31, 2021.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 was \$4,616. Interest received in all other Library Funds was \$2,803 for 2021.

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

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

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

Interfund Receivables/Payables The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

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

Employer Contributions to Cost-Sharing Pension Plans The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations The Library's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. 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.

Net Position Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

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:

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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

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

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

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

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

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

Internal Activity 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 – 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.

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For the Year Ended December 31, 2021

The difference(s) between the budgetary basis and the *modified* cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).
2. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

| | <u>General</u> |
|--------------|------------------|
| Cash Basis | \$729,401 |
| Encumbrances | <u>(327,141)</u> |
| Budget Basis | <u>\$402,260</u> |

Note 4 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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For the Year Ended December 31, 2021

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

At year end, the Library had \$520 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits 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 requires 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.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Investments The fair value of these investments is not materially different from measurement value. As of December 31, 2021, the Library had the following investments:

| | <u>Value</u> | <u>Maturity</u> |
|--|--------------------|-----------------|
| STAR Ohio | \$3,853,707 | N/A |
| Pennsylvania Power & Light Co. (common stock) | \$10,500 | N/A |
| (Fair market value 12/31/21, 1,600 shares @\$30.06 = \$48,096) | | |
| Kingston National Bank CD | \$10,000 | 3/1/2022 |
| Kingston National Bank CD | \$240,000 | 11/18/2022 |
| Total Portfolio | <u>\$4,114,207</u> | |

| | Measurement | Investment Maturities (in Years) |
|---|--------------------|-------------------------------------|
| | <u>Amount</u> | <u>Less than 1</u> |
| STAR Ohio | \$3,853,707 | \$3,853,707 |
| Pennsylvania Power & Light Co. (common stock) | \$10,500 | \$10,500 |
| Kingston National Bank CD | \$10,000 | \$10,000 |
| Kingston National Bank CD | \$240,000 | \$240,000 |
| Total Investments | <u>\$4,114,207</u> | <u>\$4,114,207</u> |

Credit Risk STAR Ohio carries a rating of AAA by Standard and Poor’s. The bank-held certificates of deposit are collateralized by FDIC insurance. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investment represent five percent or more of total investments as of December 31, 2021:

| <u>Investment Issuer</u> | <u>Percentage of Investments</u> |
|--------------------------|--------------------------------------|
| STAR Ohio | 93.67% |

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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

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

Property Taxes Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2021, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

| | |
|---------------|------------------------|
| Real Property | \$1,535,832,770 |
| Total | <u>\$1,535,832,770</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 The following tax abatements for Ross County were in effect during 2021:

| <u>Program</u> | <u>Recipient</u> | <u>% Abated</u> | <u>Conditions of Abatement</u> | <u>Value Abated</u> |
|-----------------|---------------------------|-----------------|--|---------------------|
| Enterprise Zone | Cornucorp Real Estate LLC | 40% | Must create 15 jobs w/in 3 yrs. | \$191,520 |
| Enterprise Zone | BMMT Real Estate LLC | 55% | Must create 25 jobs w/in 3 yrs. | \$534,370 |
| Enterprise Zone | BMMT Real Estate LLC | 55% | Must retain 186 employees | \$1,400,450 |
| Enterprise Zone | BMMT Real Estate LLC | 50% | Must create 10 jobs w/in 3 yrs. | \$1,260,350 |
| Enterprise Zone | Georgia MH, LLC | 50% | Must create 50 jobs w/in 3 yrs. | \$1,136,090 |
| Enterprise Zone | LW Vitaeo Industries | 50% | Must create 25 jobs w/in 3 yrs. | \$154,730 |
| Enterprise Zone | Nier River Road Develop. | 50% | Must create 25 jobs w/in 3 yrs. | \$994,350 |
| Enterprise Zone | Kenworth Truck Co. | 60% | Must create 100 jobs w/in 3 yrs. | \$0 |
| CRA | Adena Health System | 75% | Must create 92 jobs (72 temp) w/in 4 yrs | \$403,770 |

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 6 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020:

| | |
|-----------------|---------------------|
| Assets | \$ 18,826,974 |
| Liabilities | <u>(13,530,267)</u> |
| Members' Equity | <u>\$ 5,296,707</u> |

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

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 2021, the Library contracted with several companies for various types of insurance coverage as follows:

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

| | | |
|------------------------------|--------------------------------------|--------------|
| The Ohio Plan | Building and Personal Property | \$11,156,693 |
| The Ohio Plan | Business Income w/Extra Expense | 250,000 |
| The Ohio Plan | Legal Liability - Real Property | 1,000,000 |
| The Ohio Plan | Ordinance or Law Coverage | 250,000 |
| The Ohio Plan | Eqpt. Breakdown - Property Damage | 15,561,209 |
| The Ohio Plan | Computer Equipment | 370,668 |
| The Ohio Plan | Inland Marine | 8,811 |
| The Ohio Plan | Library Materials | 4,383,516 |
| The Ohio Plan | General Liability | 4,000,000 |
| The Ohio Plan | Employee Benefits Liability | 4,000,000 |
| The Ohio Plan | Employer's Liability | 2,000,000 |
| The Ohio Plan | Public Officials Errors & Omissions | 4,000,000 |
| The Ohio Plan | Employment Practices Liability | 4,000,000 |
| The Ohio Plan | Automobile Liability | 2,000,000 |
| BCS Insurance Company | Data Breach & Privacy Liability | 1,000,000 |
| The Ohio Plan | Terrorism - Building & Personal Prop | 16,226,536 |
| The Ohio Plan | Employee Blanket Bond | 5,000 |
| Cincinnati Insurance Company | Fiscal Officer/Deputy Bonds | 50,000 ea. |
| | | |

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 participates in the Ohio Library Council's Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all libraries in the GRP. CareWorksComp provides administrative, cost control and actuarial services to the GRP.

Note 7 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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' ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013, or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: | Age and Service Requirements: | Age and Service Requirements: |
| Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: | Traditional Plan Formula: | Traditional Plan Formula: |
| 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: | Combined Plan Formula: | Combined Plan Formula: |
| 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for 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 who retired prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

| | <u>State and Local</u> |
|--|----------------------------|
| 2021 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2021 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits ** | <u>0.0</u> |
| Total Employer | <u>14.0 %</u> |
| Employee | <u>10.0 %</u> |

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$243,361 for the year 2021.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to 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 2021 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 \$249,361 for the year 2021.

Note 9 – Leases

Leases The Library leases buildings and equipment under non-cancelable leases. The Library disbursed \$26,666 to pay lease costs for the year ended December 31, 2021. Future lease payments are as follows:

| Year | Amount |
|------|---------------|
| 2022 | \$ 17,889 |
| 2023 | 17,889 |
| 2024 | <u>12,267</u> |
| | \$ 48,045 |

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 10 – Fund Balances

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

| Fund Balances | General | Building Fund | Other Governmental Funds | Total |
|--------------------------------|---------------------------|---------------------------|--------------------------------|---------------------------|
| Nonspendable | | | | |
| Principal | \$0 | \$0 | \$20,500 | \$20,500 |
| <i>Total Nonspendable</i> | <u>0</u> | <u>0</u> | <u>20,500</u> | <u>20,500</u> |
| Restricted for | | | | |
| Books and Pamphlets | 0 | 0 | 726 | 726 |
| Coronavirus Relief | 0 | 0 | 6 | 6 |
| American Rescue Plan | 0 | 0 | 58,560 | 58,560 |
| Literacy Materials | 0 | 0 | 1,988 | 1,988 |
| <i>Total Restricted</i> | <u>0</u> | <u>0</u> | <u>61,280</u> | <u>61,280</u> |
| Committed to | | | | |
| Contractual Commitments: | | | | |
| Farber - Outreach Sprinter Van | 177,840 | 0 | 0 | 177,840 |
| Other Contractual Commitments | 10,485 | 12,102 | 0 | 22,587 |
| <i>Total Committed</i> | <u>188,325</u> | <u>12,102</u> | <u>0</u> | <u>200,427</u> |
| Assigned to | | | | |
| Capital Projects | 0 | 1,500,819 | 0 | 1,500,819 |
| Encumbrances | 227,307 | 0 | 0 | 227,307 |
| Future Appropriations | 2,200,000 | 0 | 0 | 2,200,000 |
| <i>Total Assigned</i> | <u>2,427,307</u> | <u>1,500,819</u> | <u>0</u> | <u>3,928,126</u> |
| Unassigned (Deficit) | 413,491 | 0 | 0 | 413,491 |
| <i>Total Fund Balances</i> | <u><u>\$3,029,123</u></u> | <u><u>\$1,512,921</u></u> | <u><u>\$81,780</u></u> | <u><u>\$4,623,824</u></u> |

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 11 – Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

The Library completed major renovations and took occupancy of the Kingston branch building located at 29 N. Main Street, Kingston.

The Library completed significant parking lot improvements at the Main Library and Annex located at 140-146 S. Paint Street, Chillicothe.

The Library completed HVAC updates at the Annex (140 S. Paint St.) and updated HVAC control systems at the Main, Northside, and Kingston locations.

The Library continued and completed installation of touchless appliances and entry doors in 2021, using CARES Act funding that was received 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Library received COVID-19 funding, from which earned interest is reported in 2021. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Library received American Rescue Plan Act funding in the amount of \$69,119 as on behalf of grant from the State Library of Ohio. These amounts are recorded in the LSTA ARPA Outreach Grant #2803 on the accompanying financial statements.

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Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

This discussion and analysis of the Chillicothe & Ross County Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2020, within the limitations of the library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2020 are as follows:

Net position of governmental activities increased \$481,753 or 10.2% from the prior year.

The Library's general receipts are composed primarily of receipts from the Public Library Fund and levy proceeds from property taxes. These funds represent 50.2% and 41% respectively of the total cash received for governmental activities during the year. Public Library Fund receipts for 2020 were \$4,552 less than what was received in 2019. As of July 1, 2019, the legislature restored the Public Library Fund to 1.7% of General Revenue Fund receipts.

On April 28 of 2020, voters approved a 1.5 mill continuing levy which will ensure the financial stability of the library in the future. This resulted in proceeds of \$ for 2021

At the onset of the COVID-19 pandemic, the library was forced to close its doors and create way to provide materials, information and programming to patrons in new and innovative ways. We went through several phases of "re-opening" including drive-through only, inside service with reduced hours, curbside only and our phases will continue to ebb and flow with the directives received from the Governor and the Ross County Health Department.

The library had three major construction projects that were bid and/or started in 2020:

The Main Library parking lot which was in desperate need of paving due to deterioration and sink hole issues was refurbished to include sidewalks and parking islands to improve traffic flow, slow down motorists and avoid potential accidents.

The replacement of the HVAC system in the Library Annex began in 2020 and will continue into 2021 with an expected completion date of late February.

The renovation of what will be the new Kingston Branch Library began at the end of 2020 and will continue through summer.

We were also fortunate to receive Coronavirus Relief Funds via the Federal Government and used a portion of those to purchase PPE and supplies and equipment for virtual programming in 2020. A grant from United Way of Ross County assisted us in funding a patron Chromebook lending program that will begin in 2021.

Using the Basic Financial Statements

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

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Report Components

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

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

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

Basis of Accounting

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

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2020, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the condition of the Library's capital assets and the extent of the Library's debt obligations.

Chillicothe & Ross County Public Library
 Management's Discussion and Analysis
 For the Year Ended December 31, 2020
 Unaudited

In the statement of net position and the statement of activities, the Library has one type of activity:

Governmental activities. Most of the Library's basic services are reported here, including library services, support services, capital outlay and debt service. State income taxes and levy proceeds finance most of these activities.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used, is being spent for the intended purpose. The funds of the Library are all considered governmental.

Governmental Funds – The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2020 compared to 2019 on a modified cash basis:

(Table 1)
Net Position

| | Governmental Activities | |
|--|-------------------------|---------------------|
| | 2020 | 2019 |
| Assets | | |
| Cash, Cash Equivalents and Investments | \$ 5,141,380 | \$ 4,659,627 |
| Restricted Cash | \$ 20,500 | \$ 20,500 |
| Total Assets | \$ 5,161,880 | \$ 4,680,127 |
| Net Assets | | |
| Restricted for: | | |
| Capital Projects | \$ 2,719,662 | \$ 2,786,209 |
| Other Purposes | \$ 142,496 | \$ 21,897 |
| Unrestricted | \$ 2,299,722 | \$ 1,872,021 |
| Total Net Assets | \$ 5,161,880 | \$ 4,680,127 |

As mentioned previously, net position of governmental activities increased \$481,753 or 10.2% during 2020.

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Table 2 reflects the changes in net position in 2020 as compared to 2019.

(Table 2)
Changes in Net Position

| | Governmental Activities 2020 | Governmental Activities 2019 |
|--|------------------------------------|------------------------------------|
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | 10,182 | 24,676 |
| Operating Grants and Contributions | 230,242 | 2,987 |
| Total Program Receipts | <u>240,424</u> | <u>27,663</u> |
| General Receipts: | | |
| Unrestricted Gifts | 20 | 592 |
| Grants/Entitlements not Restricted to Specific Programs | 2,504,171 | 2,509,011 |
| Property Taxes | 1,990,524 | 1,968,195 |
| Sale of Capital Assets | 0 | 0 |
| Interest | 43,307 | 105,948 |
| Miscellaneous | 74,036 | 44,612 |
| Total General Receipts | <u>4,612,058</u> | <u>4,628,358</u> |
| Total Receipts | <u>4,852,482</u> | <u>4,656,021</u> |
| Disbursements: | | |
| Library Services | 3,454,240 | 3,462,885 |
| Capital Outlay | 916,489 | 583,168 |
| Total Disbursements | <u>4,370,729</u> | <u>4,046,053</u> |
| Increase (Decrease) in Net Position | 481,753 | 609,968 |
| Net Position, January 1, 2020/2019 | <u>4,680,127</u> | <u>4,070,159</u> |
| Net Position, December 31, 2020/2019 | <u><u>5,161,880</u></u> | <u><u>4,680,127</u></u> |

Charges for Services decreased by \$14,494 due to COVID-19 pandemic decreasing in-person operations for period of 2020. The Library was required to close doors to public and decreased in-person operations as part of State Health Order. Operating Grants and Contributions revenues increased \$227,255 due to receipt of COVID-19 funding. Interest revenue decreased by \$62,641 due to economic factors that decreased the rate of return on investments in 2020. Capital Outlay expenditures increased \$333,321 due to construction project ongoing in 2020.

Program receipts represent only 4.95% of total receipts and this year are primarily comprised of Coronavirus Relief Fund receipts. They also include patron fines for damaged materials, charges for copies and prints, sale of supplies and restricted contributions for specific library programs such as our annual summer reading program.

Chillicothe & Ross County Public Library
 Management's Discussion and Analysis
 For the Year Ended December 31, 2020
 Unaudited

General receipts represent 95.05% of the Library's total receipts, and of this amount, 51.61% are from the Public Library Fund and 41.02% are from levy proceeds. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Governmental Activities

If you look at the Statement of Activities report, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is Library Services, which accounts for 79.03% of all governmental disbursements while Capital Outlay accounts for 20.97% of all governmental disbursements. The next three columns of the Statement entitled Program Cash 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 the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

| | Total Cost Of Services 2020 | Net Cost of Services 2020 |
|------------------|-----------------------------------|---------------------------------|
| | | |
| Library Services | 3,454,240 | (3,454,240) |
| Capital Outlay | 916,489 | (916,489) |
| Total Expenses | 4,370,729 | (4,370,729) |

The Library's Funds

Total library funds had receipts of \$4,852,482 and disbursements of \$4,370,729.

General Fund receipts were greater than disbursements by \$1,177,701.

General Fund Budgeting Highlights

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

During 2020, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts only slightly exceeded original budgeted receipts. The difference between final budgeted receipts and actual receipts was not significant.

Chillicothe & Ross County Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Final disbursements were budgeted at \$4,540,032 while actual disbursements were \$3,690,900. The library kept spending below budgeted amounts as demonstrated by the reported variances. Due to reduction in spending, we were able to transfer \$750,000 to the building fund at the end of the year for future building projects and maintenance.

Capital Assets and Debt Administration

Capital Assets

The Library keeps track of its capital assets in an Excel spreadsheet format.

Debt

The Library has no outstanding debt.

Current Issues

With the passage of a 1.5 mill, continuing operating levy in April of 2020, the library has taken steps to secure its financial future during times of stagnant funding for the Public Library Fund.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cassie Schaaf Stout, Chief Fiscal Officer, Chillicothe & Ross County Public Library, PO Box 185, 140 S. Paint Street, Chillicothe, OH 45601 or cstout@crepl.org.

Chillicothe & Ross County Public Library
Statement of Net Position - Modified Cash Basis
December 31, 2020

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$5,141,380 |
| Restricted Cash | 20,500 |
| <i>Total Assets</i> | \$5,161,880 |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$2,719,662 |
| Permanent Fund Purpose: | |
| Expendable | 2,003 |
| Nonexpendable | 20,500 |
| Other Purposes | 119,993 |
| Unrestricted | 2,299,722 |
| <i>Total Net Position</i> | \$5,161,880 |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position |
|--------------------------------------|-----------------------------------|---------------------------------------|----------------------------|--|
| Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | |
| Governmental Activities | | | | |
| Current: | | | | |
| Library Services: | \$3,454,240 | \$10,182 | \$230,242 | (3,213,816) |
| Capital Outlay | 916,489 | 0 | 0 | (916,489) |
| <i>Total Governmental Activities</i> | 4,370,729 | 10,182 | 230,242 | (4,130,305) |
| General Receipts: | | | | |
| | | | | 1,990,524 |
| | | | | 20 |
| | | | | 2,504,171 |
| | | | | 43,307 |
| | | | | 74,036 |
| | | | | <i>Total General Receipts</i> 4,612,058 |
| | | | | 481,753 |
| | | | | <i>Net Position Beginning of Year</i> 4,680,127 |
| | | | | <i>Net Position End of Year</i> \$5,161,880 |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2020

| | General | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|----------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,299,722 | \$2,719,662 | \$121,996 | \$5,141,380 |
| Restricted Cash | 0 | 0 | 20,500 | 20,500 |
| <i>Total Assets</i> | <u>\$2,299,722</u> | <u>\$2,719,662</u> | <u>\$142,496</u> | <u>\$5,161,880</u> |
| Fund Balances | | | | |
| Nonspendable | \$0 | \$0 | \$20,500 | \$20,500 |
| Restricted | 0 | 0 | 121,996 | 121,996 |
| Committed | 92,290 | 1,093,639 | 0 | 1,185,929 |
| Assigned | 2,207,432 | 1,626,023 | 0 | 3,833,455 |
| Unassigned (Deficit) | 0 | 0 | 0 | 0 |
| <i>Total Fund Balances</i> | <u>\$2,299,722</u> | <u>\$2,719,662</u> | <u>\$142,496</u> | <u>\$5,161,880</u> |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

| | General | Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------------|----------------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$1,990,524 | \$0 | \$0 | \$1,990,524 |
| Public Library | 2,434,680 | 0 | 0 | 2,434,680 |
| Intergovernmental | 69,491 | 0 | 227,999 | 297,490 |
| Patron Fines and Fees | 9,577 | 0 | 0 | 9,577 |
| Contributions, Gifts and Donations | 2,147 | 0 | 0 | 2,147 |
| Earnings on Investments | 40,449 | 0 | 2,974 | 43,423 |
| Miscellaneous | 74,641 | 0 | 0 | 74,641 |
| <i>Total Receipts</i> | <u>4,621,509</u> | <u>0</u> | <u>230,973</u> | <u>4,852,482</u> |
| Disbursements | | | | |
| Current: | | | | |
| Library Services: | 3,271,630 | 76,912 | 105,698 | 3,454,240 |
| Capital Outlay | 172,178 | 739,635 | 4,676 | 916,489 |
| <i>Total Disbursements</i> | <u>3,443,808</u> | <u>816,547</u> | <u>110,374</u> | <u>4,370,729</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,177,701</u> | <u>(816,547)</u> | <u>120,599</u> | <u>481,753</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 0 | 750,000 | 0 | 750,000 |
| Transfers Out | (750,000) | 0 | 0 | (750,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(750,000)</u> | <u>750,000</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 427,701 | (66,547) | 120,599 | 481,753 |
| <i>Fund Balances Beginning of Year</i> | <u>1,872,021</u> | <u>2,786,209</u> | <u>21,897</u> | <u>4,680,127</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$2,299,722</u></u> | <u><u>\$2,719,662</u></u> | <u><u>\$142,496</u></u> | <u><u>\$5,161,880</u></u> |

See accompanying notes to the basic financial statements

Chillicothe & Ross County Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020

| | Budgeted Amounts | | Actual | (Optional) |
|--|------------------|-------------|-------------|---|
| | Original | Final | | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$1,964,546 | \$1,990,523 | \$1,990,524 | \$1 |
| Public Library | 2,463,297 | 2,434,678 | 2,434,680 | 2 |
| Intergovernmental | 66,000 | 69,491 | 69,491 | 0 |
| Patron Fines and Fees | 21,000 | 8,700 | 9,577 | 877 |
| Contributions, Gifts and Donations | 1,500 | 1,500 | 2,147 | 647 |
| Earnings on Investments | 65,000 | 40,300 | 40,449 | 149 |
| Miscellaneous | 33,920 | 64,758 | 74,641 | 9,883 |
| <i>Total Receipts</i> | 4,615,263 | 4,609,950 | 4,621,509 | 11,559 |
| Disbursements | | | | |
| Current: | | | | |
| Library Services: | 4,149,147 | 4,202,847 | 3,449,386 | 753,461 |
| Capital Outlay | 329,685 | 337,185 | 241,514 | 95,671 |
| <i>Total Disbursements</i> | 4,478,832 | 4,540,032 | 3,690,900 | 849,132 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 136,431 | 69,918 | 930,609 | 860,691 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (1,796,573) | (1,791,260) | (750,000) | 1,041,260 |
| Other Financing Uses | (191,000) | (129,800) | 0 | 129,800 |
| <i>Total Other Financing Sources (Uses)</i> | (1,987,573) | (1,921,060) | (750,000) | 1,171,060 |
| <i>Net Change in Fund Balance</i> | (1,851,142) | (1,851,142) | 180,609 | 2,031,751 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 1,763,360 | 1,763,360 | 1,763,360 | 0 |
| Prior Year Encumbrances Appropriated | 108,661 | 108,661 | 108,661 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | \$20,879 | \$20,879 | \$2,052,630 | \$2,031,751 |

See accompanying notes to the basic financial statements

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Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 1 – Description of the Library and Reporting Entity

The Board of Library Trustees of the Chillicothe and Ross County Public Library (the Library) has seven members: three appointed by the Ross County Common Pleas Court Judges and four appointed by the Ross County Commissioners, as established by section 3375.22 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued; contracting; acquiring, holding, processing, and disposing of real and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director, Fiscal Officer and a Deputy Fiscal Officer.

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

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

Related Organizations The Friends of the Chillicothe and Ross County Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has 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, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Library's accounting policies.

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes,

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The library has no business-type activities.

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

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

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

Governmental Funds Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds:

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

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

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

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

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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 major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

The Library's financial statements contain the modification of cash reporting. The Library reports Restricted Cash for Endowment Investments held by the Library as nonexpendable net position (equity).

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

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

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

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

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

During 2020, the Library invested in nonnegotiable certificates of deposit, money market funds, brokered certificates of deposit, STAR Ohio, Star Plus and Pennsylvania Power and Light Co. common stock. Investments are reported at cost, except for the money market mutual fund and STAR Ohio and Star Plus. The Library's money market mutual fund investment is recorded at the amount reported by *Kingston National Bank* on December 31, 2020.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 was \$40,449. Interest received in all other Library Funds was \$2,973 for 2020.

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

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

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

Interfund Receivables/Payables The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

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

Employer Contributions to Cost-Sharing Pension Plans The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations The Library's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. 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.

Net Position Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

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:

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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

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

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

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

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

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

Internal Activity 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 – 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.

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

The difference(s) between the budgetary basis and the *modified* cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).
2. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

| | |
|--------------|-------------------------|
| | <u>General</u> |
| Cash Basis | \$427,701 |
| Encumbrances | <u>(247,092)</u> |
| Budget Basis | <u><u>\$180,609</u></u> |

Note 4 – Deposits and Investments

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

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

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

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

Protection of the Library’s deposits is provided by the financial institution’s participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

At year end, the Library had \$520 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits 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 requires 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.

Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Investments The fair value of these investments is not materially different from measurement value. As of December 31, 2020, the Library had the following investments:

| | Value | Maturity |
|---|--------------------|-----------|
| STAR Ohio | 4,788,332 | N/A |
| Star Ohio Plus | 11,796 | N/A |
| Pennsylvania Power & Light Co. (common stock) | 10,500 | N/A |
| <i>(Fair market value 12/31/20, 1,600 shares @\$28.20 = \$45,120)</i> | | |
| Wells Fargo CD | 10,000 | 2/16/2021 |
| LCNB National Bank CD | 240,000 | 11/5/2021 |
| Total Portfolio | <u>\$5,060,627</u> | |

| | Measurement Amount | Investment Maturities (in Years) Less than 1 |
|---|-----------------------|---|
| STAR Ohio | 4,788,332 | 4,788,332 |
| Star Ohio Plus | 11,796 | 11,796 |
| Pennsylvania Power & Light Co. (common stock) | 10,500 | 10,500 |
| Wells Fargo CD | 10,000 | 10,000 |
| LCNB National Bank CD | 240,000 | 240,000 |
| Total Investments | <u>\$5,060,627</u> | <u>\$5,060,627</u> |

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The bank-held certificates of deposit are collateralized by FDIC insurance. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investment represent five percent or more of total investments as of December 31, 2020:

| Investment Issuer | Percentage of Investments |
|-------------------|------------------------------|
| STAR Ohio | 94.62 % |

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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

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

Property Taxes Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2020, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

| | |
|---------------|------------------------|
| Real Property | <u>\$1,507,936,680</u> |
| Total | <u>\$1,507,936,680</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 The following tax abatements for Ross County were in effect during 2020:

| <u>Program</u> | <u>Recipient</u> | <u>% Abated</u> | <u>Conditions of Abatement</u> | <u>Amount Abated</u> |
|-----------------|--------------------------|-----------------|--|----------------------|
| Enterprise Zone | Infosight Corp. | 40% | Must create 15 jobs w/in 3 yrs. | \$191,520 |
| Enterprise Zone | Riffle Machine Works | 55% | Must create 25 jobs w/in 3 yrs. | \$534,370 |
| Enterprise Zone | Riffle Machine Works | 55% | Must retain 186 employees | \$1,400,450 |
| Enterprise Zone | Riffle Machine Works | 50% | Must create 10 jobs w/in 3 yrs. | \$1,260,350 |
| Enterprise Zone | Georgia MH, LLC | 50% | Must create 50 jobs w/in 3 yrs. | \$1,136,090 |
| Enterprise Zone | Vitaoe Industries | 50% | Must create 25 jobs w/in 3 yrs. | \$154,730 |
| Enterprise Zone | Nier River Road Develop. | 50% | Must create 25 jobs w/in 3 yrs. | \$994,350 |
| Enterprise Zone | Kenworth Truck Co. | 60% | Must create 100 jobs w/in 3 yrs. | \$0 |
| CRA | The New Carlisle LLC | 75% | Must create 92 jobs (72 temp) w/in 4 yrs | \$403,770 |

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 6 – Interfund Balances and Transfers

Transfers During 2020, the following transfers were made:

| Transfer to | Transfer from Major Funds General |
|--------------------|--|
| Major Funds: | |
| Capital Projects | (\$750,000) |

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 – Risk Management

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

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

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

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

| | |
|-----------------|----------------------|
| Assets | \$ 15,920,504 |
| Liabilities | <u>(11,329,011)</u> |
| Members' Equity | <u>\$ 4,591,493</u> |

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

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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 2020, the Library contracted with several companies for various types of insurance coverage as follows:

| Company | Type of Coverage | Coverage |
|----------------------|---------------------------------------|---------------|
| The Ohio Plan | Building and Personal Property | \$7,582,876 |
| The Ohio Plan | Business Income w/Extra Expense | 250,000 |
| The Ohio Plan | Legal Liability - Real Property | 1,000,000 |
| The Ohio Plan | Ordinance or Law Coverage | 250,000 |
| The Ohio Plan | Eqpt. Breakdown - Property Damage | 11,900,821 |
| The Ohio Plan | Computer Equipment | 370,668 |
| The Ohio Plan | Inland Marine | 8,811 |
| The Ohio Plan | Library Materials | 4,296,945 |
| The Ohio Plan | General Liability | 4,000,000 |
| The Ohio Plan | Employee Benefits Liability | 4,000,000 |
| The Ohio Plan | Employer's Liability | 2,000,000 |
| The Ohio Plan | Public Officials Errors & Omissions | 4,000,000 |
| The Ohio Plan | Employment Practices Liability | 4,000,000 |
| The Ohio Plan | Automobile Liability | 2,000,000 |
| The Ohio Plan | Data Breach & Privacy Liability | 250,000/claim |
| The Ohio Plan | Terrorism - Building & Personal Prop. | 12,566,148 |
| The Ohio Plan | Employee Blanket Bond | 5,000 |
| Cincinnati Insurance | Fiscal Officer/Deputy Bonds | 50,000 ea. |

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 participates in the Ohio Library Council's Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all libraries in the GRP. CareWorksComp provides administrative, cost control and actuarial services to the GRP.

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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' ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013, or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: | Age and Service Requirements: | Age and Service Requirements: |
| Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: | Traditional Plan Formula: | Traditional Plan Formula: |
| 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: | Combined Plan Formula: | Combined Plan Formula: |
| 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for 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, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

| | <u>State and Local</u> |
|--|----------------------------|
| 2020 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2020 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits ** | <u>0.0</u> |
| Total Employer | <u>14.0 %</u> |
| Employee | <u>10.0 %</u> |

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$232,395 for the year 2020.

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS ACFR 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. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to 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 2020 was 4.0 percent.

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$232,395 for the year 2020.

Note 10 – Leases

Leases The Library leases buildings and equipment under non-cancelable leases. The Library disbursed \$26,666 to pay lease costs for the year ended December 31, 2020. Future lease payments are as follows:

| Year | Amount |
|------|-------------------|
| 2021 | \$ 26,277 |
| 2022 | 17,889 |
| 2023 | 17,889 |
| 2024 | 12,267 |
| | <u> </u> |
| | \$ 74,322 |

Note 11 – Construction and Contractual Commitments

At the end of 2020, the following major construction contracts were still outstanding:

| <u>Contractor</u> | <u>Project</u> | <u>Balance of Contract</u> |
|---------------------------|-------------------------|----------------------------|
| Procon Prof. Construction | Kingston Branch Remodel | \$713,740 |
| JLS Bldg. Services | Annex HVAC | \$329,860 |

Note 12 – Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

The Library purchased a 2021 Ford Transit Connect cargo van in the amount of \$24,130 and traded in the 2006 Dodge van.

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 are presented on the next page:

Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

| Fund Balances | General | Building Fund | Other Governmental Funds | Total |
|---------------------------------|---------------------------|---------------------------|--------------------------------|---------------------------|
| Nonspendable | | | | |
| Principal | \$0 | \$0 | \$20,500 | \$20,500 |
| <i>Total Nonspendable</i> | <u>0</u> | <u>0</u> | <u>20,500</u> | <u>20,500</u> |
| Restricted for | | | | |
| Books and Pamphlets | 0 | 0 | 658 | 658 |
| Coronavirus Relief | 0 | 0 | 119,993 | 119,993 |
| Literacy Materials | 0 | 0 | 1,345 | 1,345 |
| <i>Total Restricted</i> | <u>0</u> | <u>0</u> | <u>121,996</u> | <u>121,996</u> |
| Committed to | | | | |
| Contractual Commitments: | | | | |
| ProCon Profesional Construction | 0 | 713,740 | 0 | 713,740 |
| JLS Building Services | 0 | 329,860 | 0 | 329,860 |
| Other Contractual Commitments | 92,290 | 50,039 | 0 | 142,329 |
| <i>Total Committed</i> | <u>92,290</u> | <u>1,093,639</u> | <u>0</u> | <u>1,185,929</u> |
| Assigned to | | | | |
| Capital Projects | 0 | 1,626,023 | 0 | 1,626,023 |
| Encumbrances | 154,802 | 0 | 0 | 154,802 |
| Future Appropriations | 2,052,630 | 0 | 0 | 2,052,630 |
| <i>Total Assigned</i> | <u>2,207,432</u> | <u>1,626,023</u> | <u>0</u> | <u>3,833,455</u> |
| Unassigned (Deficit) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Total Fund Balances</i> | <u><u>\$2,299,722</u></u> | <u><u>\$2,719,662</u></u> | <u><u>\$142,496</u></u> | <u><u>\$5,161,880</u></u> |

Note 14 – 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 \$225,000 in CARES Act funding. These amounts are reflected as library services and capital outlay expenditures in the Coronavirus Relief Special Revenue Fund #2802 on the accompanying financial statements.

During 2020, the Library also received CARES Act funding in the amount of \$3,000 as an on-behalf of grant from the State Library of Ohio. These amounts are recorded in the Coronavirus Relief Special Revenue Fund #2801.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Chillicothe and Ross County Public Library
Ross County
140 South Paint Street
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County (the Library) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 28, 2022, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Library.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
September 28, 2022

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY
ROSS COUNTY**

SCHEDULE OF FINDINGS

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

FINDING NUMBER 2021-001

Material Weakness

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

Due to deficiencies in the Library's financial statement monitoring and review process, the following conditions were noted related to the Library's financial reporting:

2021

General Fund

- Assigned Fund Balance was understated and Unassigned Fund Balance was overstated by \$2,211,940;
- Budgetary Actual Expenditures were understated by \$11,940.

Capital Projects Fund

- Capital Projects was not reported as a major fund resulting in Equity in Cash and Cash Equivalents being understated by \$1,512,921, Library Services Expense being understated by \$32,168, Capital Outlay being understated by \$1,174,573 and Fund Balance at Beginning of Year being understated by \$2,719,662.

Other Governmental Funds

- Capital Projects was not reported as a major fund resulting in Equity in Cash and Cash Equivalents being overstated by \$1,512,921, Library Services Expense being overstated by \$32,168, Capital Outlay being overstated by \$1,174,573 and Fund Balance at Beginning of Year being overstated by \$2,719,662.

2020

General Fund

- Assigned Fund Balance was understated and Unassigned Fund Balance was overstated by \$2,052,630.

The Library has corrected the financial statements for the errors as identified above.

Failure to accurately post and report transactions could result in material errors in the Library's financial statements and reduces the Library's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Library.

**FINDING NUMBER 2021-001
(Continued)**

The Library should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

We did not receive a response from the Library.

OHIO AUDITOR OF STATE KEITH FABER



CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY

ROSS 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 10/25/2022

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

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