

**LICKING COUNTY LIBRARY
LICKING COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021



OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Licking County Library
101 West Main Street
Newark, OH 43055

We have reviewed the *Independent Auditor's Report* of Licking County Library, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 08, 2023

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**LICKING COUNTY LIBRARY
LICKING COUNTY, OHIO
REGULAR AUDIT
For the Years Ended December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the governmental activities and each major fund of the Licking County Library, Licking County, Ohio (the Library), as of and for the years ended December 31, 2022 and 2021, 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 cash basis financial position of the governmental activities and each major fund of the Library as of December 31, 2022 and 2021, and the respective changes in cash basis financial position and the budgetary comparison for the General Fund for the years then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

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 opinion.

Emphasis of Matters

We draw attention to Note 2 of the financial statements for 2022 and 2021, which describes the basis of accounting. The financial statements are prepared on the 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.

As discussed in Note 13 and Note 14 to the financial statements for 2022 and 2021, respectively, the financial impact of COVID-19 and the ensuing emergency measures will 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 cash basis of accounting described in Note 2, and for determining that the 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.

Licking County Library

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 opinion. 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 the financial audit standards in the Comptroller General of the United States' *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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2023, 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.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
June 20, 2023

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The discussion and analysis of the Licking County Library's (the Library) financial performance provides an overview of the Library's financial activities for the year ended December 31, 2022, within the limitations of the Library's cash basis of accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole.

Highlights

Key financial highlights for 2022 are as follows:

- Public Library Fund (PLF) accounted for \$3,590,978 or 55 percent, of all general fund receipts. Property tax revenue plus homestead / rollback taxes accounted for \$2,726,580 or 42 percent, of all general fund receipts.
- The balance of the Building & Repair Fund remained comparable to the prior year as transfers from the General Fund and the sale of the old bookmobile offset the down payment of the new mobile library being built, mechanical and lighting upgrade costs during the year for the downtown Newark building, and smaller capital projects across many of the Library's locations.

Using the Basic Financial Statements

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

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis provides information about the activities of the Library as a whole, presenting an aggregate view of the Library's finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. Governmental financial statements report the Library's most significant funds individually. The Library's major funds in 2022 are the General Fund and Building & Repair Fund.

Basis of Accounting

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

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

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

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Reporting the Library as a Whole

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis reflect how the Library did financially during 2022. These two statements report the Library's net position and changes in those assets. The change in net position is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

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

Reporting the Library's Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the Library's major funds, the General Fund and Building & Repair Fund.

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

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2022 compared to 2021.

Table 1
Net Position - Cash Basis

	Governmental Activities	
	2022	2021
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 8,510,110	\$ 7,580,713
Total Assets	\$ 8,510,110	\$ 7,580,713
 Net Position		
Unrestricted	8,510,110	7,580,713
Total Net Position	\$ 8,510,110	\$ 7,580,713

Net position of governmental activities increased by \$929,397 or 12 percent during 2022 compared to 2021. The increase can be attributed to the library receiving additional receipts from the Public Library Fund and collections from the 1 mill operating levy. In addition, the library budgeted for the annual receipts to be greater than the annual disbursements in the current year to strengthen the library's net position.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Table 2 shows the changes in net position for the years ended December 31, 2022 and December 31, 2021.

Table 2
Changes in Position - Cash Basis

	Governmental Activities	
	2022	2021
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$ 28,896	\$ 25,238
Operating Grants and Contributions	50,924	68,415
Capital Grants and Contributions	29,742	
Total Program Cash Receipts	109,562	93,653
General Receipts		
Public Library Fund	3,590,978	3,319,492
Property and Other Local Taxes	2,454,591	2,392,976
Intergovernmental	271,989	266,975
Sale of Capital Assets	70,000	
Interest	59,107	21,054
Miscellaneous Receipts	71,631	97,894
Total General Receipts	6,518,296	6,098,391
Total Receipts	\$ 6,627,858	\$6,192,044
Disbursements:		
Library Services:		
Public Service and Programs	\$ 2,215,315	2,052,049
Collection Development and Processing	864,499	763,636
Support Services:		
Facilities Operation and Maintenance	581,031	485,681
Information Services	148,345	138,038
Business Administration	989,871	849,278
Capital Outlay	899,400	502,462
Total Disbursements	\$ 5,698,461	\$4,791,144
Increase (Decrease) in Net Position	\$ 929,397	\$1,400,900
Net Position, January 1	7,580,713	6,179,813
Net Position, December 31	\$ 8,510,110	\$7,580,713

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

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

General receipts represented 98 percent of the Library's overall receipts in 2022. The consistent funding receipts enabled the Library to maintain its public services and collection development.

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, information services and business administration represent the cost of operating the Library. Total disbursements increased from the prior year due to the increase of public service staff and programs as operations were reinstated from the pandemic. In addition, disbursements increased as mechanical and lighting replacements were made at the downtown Newark location and a down payment was made for a new mobile library.

Governmental Activities

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

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Table 3
Governmental Activities - Cash Basis

	Total Cost of Services 2022	Net Cost of Services 2022
Library Services		
Public Service and Program	\$ 2,215,315	\$2,105,753
Collection Development and Processing	864,499	864,499
Support Services		
Facilities Operation and Maintenance	581,031	581,031
Information Services	148,345	148,345
Business Administration	989,871	989,871
Capital Outlay	899,400	899,400
Total Disbursements	\$ 5,698,461	\$ 5,588,899
	Total Cost of Services 2021	Net Cost of Services 2021
Library Services		
Public Service and Program	\$ 2,052,049	\$1,958,396
Collection Development and Processing	763,636	763,636
Support Services		
Facilities Operation and Maintenance	485,681	485,681
Information Services	138,038	138,038
Business Administration	849,278	849,278
Capital Outlay	502,462	502,462
Total Disbursements	\$ 4,791,144	\$4,697,491

The Library's Funds

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds are the General Fund and the Building & Repair Fund. During 2022, the General Fund balance increased by \$1,152,254 and the Building & Repair Fund balance decreased \$222,857. The increase in the General Fund balance is primarily due to budgeted disbursements to be less than budgeted receipts in the year to improve the library's financial position and to prepare for upcoming growth in the county due to the Intel campus that is being constructed in the western part of the county. The decrease in the Building & Repair Fund can be attributed to the down payment for the new mobile library, upgrades to mechanical equipment and lighting at downtown Newark as equipment is reaching end of life from the original construction of the building, and the final costs for the relocation of the Utica branch.

General Fund Budgeting Highlights

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

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

During the course of 2022, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

Capital Assets and Debt Administration

Capital Assets

The Library does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Library had capital outlay disbursements of \$899,400 during 2022.

Debt Administration

The Library had no outstanding debt at December 31, 2022.

Economic Factors

The annual PLF receipts for 2022 were slightly higher than the PLF receipts for the prior year. The economy and property values in the Licking County Library district slightly increased the past year causing property tax levy receipts to slowly grow.

Current Issues

The primary challenges for many entities including Licking County Library are staffing retention and inflation. The challenge of adequate staff retention causes difficulty in planning expansion of library hours of operation and services while ensuring satisfactory service to our patrons. The Board of Trustees is aware that the 1 mill property tax levy does not generate any new revenue. Mindful of this and of rising inflation, the Board is conservative in annual recurring expense spending such as salaries and library services, so it will not be necessary to ask the voters for the passage of an additional operational levy in the foreseeable future.

Request for Information

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

Licking County Library
Statement of Net Position - Cash Basis
December 31, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 8,510,110</u>
<i>Total Assets</i>	<u><u>\$ 8,510,110</u></u>
Net Position	
Unrestricted	<u>\$ 8,510,110</u>
<i>Total Net Position</i>	<u><u>\$ 8,510,110</u></u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2022

	General	Building & Repair Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 6,470,784	\$ 2,039,326	\$ 8,510,110
<i>Total Assets</i>	<u>6,470,784</u>	<u>2,039,326</u>	<u>8,510,110</u>
Fund Balances			
Assigned	134,176	2,039,326	2,173,502
Unassigned	6,336,608	-	6,336,608
<i>Total Fund Balances</i>	<u>\$ 6,470,784</u>	<u>\$ 2,039,326</u>	<u>\$ 8,510,110</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	Building & Repair Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 2,454,591	\$ -	\$ 2,454,591
Public Library Fund	3,590,978	-	3,590,978
Intergovernmental	271,989	-	271,989
Patron Fines and Fees	28,896	-	28,896
Contributions, Gifts and Donations	50,924	29,742	80,666
Earnings on Investments	38,435	20,672	59,107
Miscellaneous	71,631	-	71,631
<i>Total Receipts</i>	<u>6,507,444</u>	<u>50,414</u>	<u>6,557,858</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	2,215,315	-	2,215,315
Collection Development and Processing	864,499	-	864,499
Support Services:			
Facilities Operation and Maintenance	580,816	215	581,031
Information Services	148,345	-	148,345
Business Administration	940,934	48,937	989,871
Capital Outlay	185,281	714,119	899,400
<i>Total Disbursements</i>	<u>4,935,190</u>	<u>763,271</u>	<u>5,698,461</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,572,254</u>	<u>(712,857)</u>	<u>859,397</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	-	70,000	70,000
Transfers In	-	420,000	420,000
Transfers Out	(420,000)	-	(420,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(420,000)</u>	<u>490,000</u>	<u>70,000</u>
<i>Net Change in Fund Balances</i>	1,152,254	(222,857)	929,397
<i>Fund Balances Beginning of Year</i>	<u>5,318,530</u>	<u>2,262,183</u>	<u>7,580,713</u>
<i>Fund Balances End of Year</i>	<u>\$6,470,784</u>	<u>\$2,039,326</u>	<u>\$8,510,110</u>

See accompanying notes to the basic financial statements

Licking County Library
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,392,142	\$ 2,392,142	\$ 2,454,591	\$ 62,449
Public Library	3,255,976	3,200,303	3,590,978	390,675
Intergovernmental	265,041	268,433	271,989	3,556
Patron Fines and Fees	28,503	28,503	28,896	393
Contributions, Gifts and Donations	34,000	34,500	50,924	16,424
Earnings on Investments	14,263	14,263	38,435	24,172
Miscellaneous	99,273	98,352	71,631	(26,721)
<i>Total Receipts</i>	<u>6,089,198</u>	<u>6,036,496</u>	<u>6,507,444</u>	<u>470,948</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	2,387,993	2,403,379	2,349,491	53,888
Collection Development and Processing	879,717	888,434	864,499	23,935
Support Services:				
Facilities Operation and Maintenance	595,634	618,225	580,816	37,409
Information Services	214,175	168,309	148,345	19,964
Business Administration	991,312	1,053,998	940,934	113,064
Capital Outlay	160,572	267,744	185,281	82,463
<i>Total Disbursements</i>	<u>5,229,403</u>	<u>5,400,089</u>	<u>5,069,366</u>	<u>330,723</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>859,795</u>	<u>636,407</u>	<u>1,438,078</u>	<u>801,671</u>
Other Financing Sources (Uses)				
Transfers Out	(275,000)	(420,000)	(420,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(275,000)</u>	<u>(420,000)</u>	<u>(420,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	584,795	216,407	1,018,078	801,671
<i>Unencumbered Fund Balance Beginning of Year</i>	5,234,097	5,234,097	5,234,097	-
Prior Year Encumbrances Appropriated	84,433	84,433	84,433	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$5,903,325</u>	<u>\$5,534,937</u>	<u>\$6,336,608</u>	<u>\$801,671</u>

See accompanying notes to the basic financial statements

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Description of the Library and Reporting Entity

The Licking County Library (the Library) was organized as a county district public library in August 2008 under the laws of the State of Ohio. Previously the Library was organized as a school district public library in 1908 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Licking County Commissioners and the Licking County Common Pleas Court. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

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

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

Note 2 - Summary of Significant Accounting Policies

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and charges for services. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library had no business-type activities during the year ended December 31, 2022.

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

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

Fund Accounting

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

Governmental Funds Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2022, investments were limited to negotiable certificates of deposit, federal agency securities, commercial paper, and money market funds.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2022 amounted to \$38,435, none of which were assigned from other Library funds.

Restricted Assets

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

Inventory and Prepaid Items

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

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Leases

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Library is the lessee in one lease (as defined by GASB 87) related to office equipment under a noncancelable lease. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

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

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

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Note 3 – Public Library Fund

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). In July 2013, the State's biennium budget established that 1.66 percent of the General Revenue Fund (GRF) be allocated to the PLF. In July 2017, the State's biennium budget temporarily set the PLF to be 1.68 percent of the GRF. In July 2020 and July 2022, the state's biennium budget temporarily set the PLF to be 1.70 percent of the GRF. The PLF is allocated to each county based on the county's prior year PLF and its population. The County Budget Commission allocated 62 percent of these funds to the Library based on the percentage allocation agreement created by the five public library districts in the county. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenue the Library receives. For 2022, the Library received \$3,590,978 in Public Library Funds.

Note 4 – Budgetary Basis of Accounting

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

The encumbrances outstanding at year end (budgetary basis) amounted to \$134,176 for the General Fund for the year ended December 31, 2022.

Note 5 – Deposits and Investments

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

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments (Continued)

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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. 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.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments (Continued)

At December 31, 2022, the Library had \$1,978 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2022, none of the Library’s bank balances of \$4,900,502 was exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

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

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

Investments

The library reports their investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2022, the Library had the following investments:

Investment Type	Cost	Percent of Total	Investment Maturities		
			Within 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	\$ 630,951	17%	\$ 630,951		
US Government Agency Notes	249,978	7%	-	\$ 249,978	\$ -
US Treasury Notes	98,898	3%	-	98,898	-
Commerical Paper	1,291,359	35%	1,291,359	-	-
Negotiable Certificates of Deposit	1,432,860	38%	350,000	276,921	805,939
Total	\$ 3,704,046		\$ 2,272,310	\$ 625,797	\$ 805,939

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy addresses interest rate risk by requiring the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments (Continued)

the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

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

Note 6 – Grants in Aid, Property Taxes, and Tax Abatements

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the taxing district of the Library. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

The full tax rate for all Library operations for the year ended December 31, 2022 was \$1.00 per \$1,000 of assessed value.

The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$3,060,748,252
Public Utility Personal Property	<u>303,110,730</u>
Total	<u><u>\$3,363,858,982</u></u>

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

Tax Abatements

For purposes of GASB statement No. 77, the definition of a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments including municipalities and school districts in the Library’s service district may have entered into abatement agreements that reduced the 2022 tax revenue received by the Library. According to the Licking County Auditor’s office, the Library’s portion of abated taxes totaled \$387,711.69 for the 2022 tax year.

Note 7 – Interfund Transfers

Transfers

During 2022, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds		Other	
	General	Building & Repair Fund		
Building & Repair Fund	\$420,000	\$0	\$0	\$420,000

The above mentioned Transfers From / To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Non-routine transfers from other non-major governmental funds were in compliance with Ohio Revised Code for designated projects.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Auto-Owners	Property	\$ 18,357,925
	General Liability	\$ 1,000,000
	Commercial Crime	\$ 235,000
	Inland Marine	\$ 5,337,337
	Vehicle	\$ 1,000,000
	Employee Dishonesty	\$ 235,000
	Employee Benefits	\$ 1,000,000
	Employer Stop Gap	\$ 1,000,000
	Umbrella	\$ 2,000,000
Travelers	Director & Officer	\$ 1,000,000
	Employment Practices	\$ 1,000,000
Philadelphia	Cyber	\$ 1,000,000

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

The Library participates in the CUSARC School Plan 1 Group Retrospective-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 entities in the GRP. Each participant pays its workers’ compensation premium to the state based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

Note 9 - Defined Benefit Pension Plan

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Defined Benefit Pension Plan (Continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report 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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	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	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
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	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	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment (COLA). 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, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Defined Benefit Pension Plan (Continued)

in calendar year 2019, the adjustment 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. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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. When members choose to annualize their defined contribution benefit, the annualized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer be available for member selection.

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Defined Benefit Pension Plan (Continued)

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2022 Actual Contribution Rates	
Employer:	
Pension *****	14.0 %
Post-employment Health Care Benefits *****	0.0
Total Employer	14.0 %
 Employee	 10.0 %

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- **** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, the Library’s contractually required contribution was \$314,645.04 for the traditional plan, \$4,593.42 for the combined plan, and \$2,856.00 for the member-directed plan.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit 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. 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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 - Postemployment Benefits (Continued)

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.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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 discontinued 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. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became 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 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.

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 - Postemployment Benefits (Continued)

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 2022, 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 2022, 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 2022 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 \$0 for the year 2022.

Note 11 – Contingent Liabilities

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

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2022 are presented below:

Fund Balances	General	Building & Repair Fund	Total
Assigned to			
Capital Improvements at Main and branches	\$ -	\$ 1,815,695	\$ 1,815,695
Encumbrances for 2022	134,176	223,631	357,807
<i>Total Assigned</i>	<u>134,176</u>	<u>2,039,326</u>	<u>2,173,502</u>
Unassigned			
Unencumbered	6,336,608	-	6,336,608
<i>Total Fund Balances</i>	<u>\$ 6,470,784</u>	<u>\$ 2,039,326</u>	<u>\$ 8,510,110</u>

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 13 – 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. 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 funding, either federal or state, cannot be estimated.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The discussion and analysis of the Licking County Library's (the Library) financial performance provides an overview of the Library's financial activities for the year ended December 31, 2021, within the limitations of the Library's cash basis of accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole.

Highlights

Key financial highlights for 2021 are as follows:

- Public Library Fund (PLF) accounted for \$3,319,492 or 54 percent, of all general fund receipts. Property tax revenue plus homestead / rollback taxes accounted for \$2,659,951 or 43 percent, of all general fund receipts.
- The balance of the Building & Repair Fund remained comparable to the prior year as transfers from the General Fund offset the purchase of the interim library building in Utica, renovation costs during the year for the building, and smaller capital projects across many of the Library's locations.

Using the Basic Financial Statements

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

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis provides information about the activities of the Library as a whole, presenting an aggregate view of the Library's finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending. Governmental financial statements report the Library's most significant funds individually. The Library's major funds in 2021 are the General Fund and Building & Repair Fund.

Basis of Accounting

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

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

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

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Reporting the Library as a Whole

The Statement of Net Position - Cash Basis and the Statement of Activities – Cash Basis reflect how the Library did financially during 2021. These two statements report the Library's net position and changes in those assets. The change in net position is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

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

Reporting the Library's Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the Library's major funds, the General Fund and Building & Repair Fund.

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

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2021 compared to 2020.

Table 1
Net Position - Cash Basis

	Governmental Activities	
	2021	2020
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 7,580,713	\$ 6,179,813
Total Assets	\$ 7,580,713	\$ 6,179,813
 Net Position		
Unrestricted	7,580,713	6,179,813
Total Net Position	\$ 7,580,713	\$ 6,179,813

Net position of governmental activities increased by \$1,400,900 or 23 percent. The increase can be attributed to the library having decreased disbursements during 2021 due to the reduction in staff, program expenses, and other operating expenses due to the pandemic. In addition, fewer capital improvement projects were executed in 2021.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Table 2 shows the changes in net position for the years ended December 31, 2021 and December 31, 2020.

Table 2
Changes in Position - Cash Basis

	Governmental Activities	
	2021	2020
Receipts:		
Program Cash Receipts		
Charges for Services and Sales	\$ 25,238	\$ 19,040
Operating Grants and Contributions	68,415	35,953
Total Program Cash Receipts	93,653	54,993
General Receipts		
Public Library Fund	3,319,492	2,900,706
Property and Other Local Taxes	2,392,976	2,351,345
Intergovernmental	266,975	474,151
Interest	21,054	86,330
Miscellaneous Receipts	97,894	106,000
Total General Receipts	6,098,391	5,918,532
Total Receipts	\$ 6,192,044	\$ 5,973,525
Disbursements:		
Library Services:		
Public Service and Programs	\$ 2,052,049	2,070,099
Collection Development and Processing	763,636	858,366
Support Services:		
Facilities Operation and Maintenance	485,681	504,801
Information Services	138,038	132,136
Business Administration	849,278	988,668
Capital Outlay	502,462	884,725
Total Disbursements	\$ 4,791,144	\$ 5,438,795
Increase (Decrease) in Net Position	\$ 1,400,900	\$ 534,730
Net Position, January 1	6,179,813	5,645,083
Net Position, December 31	\$ 7,580,713	\$ 6,179,813

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

General receipts represented 98 percent of the Library's overall receipts in 2021. The consistent funding receipts enabled the Library to maintain its public services and collection development.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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

Governmental Activities

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

Table 3
Governmental Activities - Cash Basis

	Total Cost of Services 2021	Net Cost of Services 2021
Library Services		
Public Service and Program	\$ 2,052,049	\$1,958,396
Collection Development and Processing	763,636	763,636
Support Services		
Facilities Operation and Maintenance	485,681	485,681
Information Services	138,038	138,038
Business Administration	849,278	849,278
Capital Outlay	502,462	502,462
Total Disbursements	\$ 4,791,144	\$ 4,697,491
	Total Cost of Services 2020	Net Cost of Services 2020
Library Services		
Public Service and Program	\$ 2,070,099	\$2,015,106
Collection Development and Processing	858,366	858,366
Support Services		
Facilities Operation and Maintenance	504,801	504,801
Information Services	132,136	132,136
Business Administration	988,668	988,668
Capital Outlay	884,725	884,725
Total Disbursements	\$ 5,438,795	\$5,383,802

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The Library's Funds

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds are the General Fund and the Building & Repair Fund. During 2021, the General Fund balance increased by \$1,354,428 and the Building & Repair Fund balance increased \$46,472. The increase in the General Fund balance is primarily due to decreased disbursements for salaries due to a reduction in staff because of the pandemic. Some library locations were closed to the public for a few months during 2021. As each location reopened it did so at reduced hours and the hours remained at reduced levels compared to pre-pandemic hours. Due to the decreased operating hours and limitations on gathering numbers, the library also has decreased disbursements for library materials, capital outlay, and contracted services in the General Fund. The increase in the Building & Repair Fund can be attributed to the transfer of funds to finance the renovation of the interim Utica library branch that is in progress at year-end.

General Fund Budgeting Highlights

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

During the course of 2021, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

Capital Assets and Debt Administration

Capital Assets

The Library does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Library had capital outlay disbursements of \$502,462 during 2021.

Debt Administration

The Library had no outstanding debt at December 31, 2021.

Economic Factors

Despite the pandemic, the annual PLF receipts for 2021 were slightly higher than the PLF receipts for the prior year. The economy and property values in the Licking County Library district has remained stable the past couple of years causing property tax levy receipts to be fairly consistent.

Licking County Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Current Issues

The primary challenges for many entities including Licking County Library are staffing shortages and inflation. The lack of adequate staffing levels is a challenge for planning library hours of operation and ensuring satisfactory service to our patrons. The Board of Trustees is aware that the 1 mill property tax levy does not generate any new revenue. Mindful of this and of rising inflation, the Board is conservative in annual recurring expense spending such as salaries and library services, so it will not be necessary to ask the voters for the passage of an additional levy. This strategy while admirable, places our salary ranges lower than those of surrounding libraries and businesses making it more difficult to retain and hire qualified staff.

Request for Information

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

Licking County Library
Statement of Net Position - Cash Basis
December 31, 2021

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 7,580,713</u>
<i>Total Assets</i>	<u><u>\$ 7,580,713</u></u>
Net Position	
Unrestricted	<u>\$ 7,580,713</u>
<i>Total Net Position</i>	<u><u>\$ 7,580,713</u></u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$ 2,052,049	\$ 25,238	\$ 68,415	\$ (1,958,396)
Collection Development and Processing	763,636	-	-	(763,636)
Support Services:				
Facilities Operation and Maintenance	485,681	-	-	(485,681)
Information Services	138,038	-	-	(138,038)
Business Administration	849,278	-	-	(849,278)
Capital Outlay	502,462	-	-	(502,462)
<i>Total Governmental Activities</i>	<u>\$ 4,791,144</u>	<u>\$ 25,238</u>	<u>\$ 68,415</u>	<u>(4,697,491)</u>
General Receipts:				
Property Taxes Levied for				
General Purposes				2,392,976
Public Library Funds				3,319,492
Intergovernmental				266,975
Earnings on Investments				21,054
Miscellaneous				97,894
				<u>6,098,391</u>
				<i>Total General Receipts</i>
				6,098,391
				Change in Net Position
				1,400,900
				<i>Net Position Beginning of Year</i>
				<u>6,179,813</u>
				<i>Net Position End of Year</i>
				<u>\$ 7,580,713</u>

See accompanying notes to the basic financial statements

Licking County Library
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2021

	General	Building & Repair Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	5,318,530	\$ 2,262,183	\$ 7,580,713
<i>Total Assets</i>	<u>5,318,530</u>	<u>2,262,183</u>	<u>7,580,713</u>
Fund Balances			
Assigned	84,433	2,262,183	2,346,616
Unassigned	5,234,097	-	5,234,097
<i>Total Fund Balances</i>	<u>\$ 5,318,530</u>	<u>\$ 2,262,183</u>	<u>\$ 7,580,713</u>

See accompanying notes to the basic financial statements

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

	General	Building & Repair Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 2,392,976	\$ -	\$ 2,392,976
Public Library Fund	3,319,492	-	3,319,492
Intergovernmental	266,975	-	266,975
Patron Fines and Fees	25,238	-	25,238
Contributions, Gifts and Donations	68,415	-	68,415
Earnings on Investments	11,525	9,529	21,054
Miscellaneous	97,874	20	97,894
<i>Total Receipts</i>	<u>6,182,495</u>	<u>9,549</u>	<u>6,192,044</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	2,052,049	-	2,052,049
Collection Development and Processing	763,636	-	763,636
Support Services:			
Facilities Operation and Maintenance	485,681	-	485,681
Information Services	138,038	-	138,038
Business Administration	813,646	35,632	849,278
Capital Outlay	110,017	392,445	502,462
<i>Total Disbursements</i>	<u>4,363,067</u>	<u>428,077</u>	<u>4,791,144</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,819,428</u>	<u>(418,528)</u>	<u>1,400,900</u>
Other Financing Sources (Uses)			
Transfers In	-	465,000	465,000
Transfers Out	(465,000)	-	(465,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(465,000)</u>	<u>465,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,354,428	46,472	1,400,900
<i>Fund Balances Beginning of Year</i>	<u>3,964,102</u>	<u>2,215,711</u>	<u>6,179,813</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,318,530</u></u>	<u><u>\$2,262,183</u></u>	<u><u>\$7,580,713</u></u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,351,142	\$ 2,351,299	\$ 2,392,976	\$ 41,677
Public Library	2,950,102	2,969,092	3,319,492	350,400
Intergovernmental	276,375	276,162	266,975	(9,187)
Patron Fines and Fees	11,798	27,215	25,238	(1,977)
Services Provided to Other Entities	21,463	-	-	-
Contributions, Gifts and Donations	31,500	74,500	68,415	(6,085)
Earnings on Investments	19,151	20,279	11,525	(8,754)
Miscellaneous	101,729	86,191	97,874	11,683
<i>Total Receipts</i>	<u>5,763,260</u>	<u>5,804,738</u>	<u>6,182,495</u>	<u>377,757</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	2,280,688	2,235,933	2,136,482	99,451
Collection Development and Processing	869,379	875,366	763,636	111,730
Support Services:				
Facilities Operation and Maintenance	508,941	526,532	485,681	40,851
Information Services	127,014	151,511	138,038	13,473
Business Administration	991,910	986,969	813,646	173,323
Capital Outlay	170,730	249,494	110,017	139,477
<i>Total Disbursements</i>	<u>4,948,662</u>	<u>5,025,805</u>	<u>4,447,500</u>	<u>578,305</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>814,598</u>	<u>778,933</u>	<u>1,734,995</u>	<u>956,062</u>
Other Financing Sources (Uses)				
Transfers Out	(465,000)	(465,000)	(465,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(465,000)</u>	<u>(465,000)</u>	<u>(465,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	349,598	313,933	1,269,995	956,062
<i>Unencumbered Fund Balance Beginning of Year</i>	3,911,626	3,911,626	3,911,626	-
Prior Year Encumbrances Appropriated	52,476	52,476	52,476	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$4,313,700</u>	<u>\$4,278,035</u>	<u>\$5,234,097</u>	<u>\$956,062</u>

See accompanying notes to the basic financial statements

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Licking County Library (the Library) was organized as a county district public library in August 2008 under the laws of the State of Ohio. Previously the Library was organized as a school district public library in 1908 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Licking County Commissioners and the Licking County Common Pleas Court. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

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

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

Note 2 - Summary of Significant Accounting Policies

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and charges for services. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library had no business-type activities during the year ended December 31, 2021.

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

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

Fund Accounting

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

Governmental Funds Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

During 2021, investments were limited to negotiable certificates of deposit and money market funds.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2021 amounted to \$11,525, none of which were assigned from other Library funds.

Restricted Assets

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

Inventory and Prepaid Items

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

Capital Assets

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

Fund Balance

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

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

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.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Note 3 – Public Library Fund

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). In July 2013, the State's biennium budget established that 1.66 percent of the General Revenue Fund (GRF) be allocated to the PLF. In July 2017, the State's biennium budget temporarily set the PLF to be 1.68 percent of the GRF. In July 2020, the state's biennium budget temporarily set the PLF to be 1.70 percent of the GRF. The PLF is allocated to each county based on the county's prior year PLF and its population. The County Budget Commission allocated 62 percent of these funds to the Library based on the percentage allocation agreement created by the five public library districts in the county. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenue the Library receives. For 2021, the Library received \$3,319,492 in Public Library Funds.

Note 4 – Budgetary Basis of Accounting

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

The encumbrances outstanding at year end (budgetary basis) amounted to \$84,433 for the General Fund for the year ended December 31, 2021.

Note 5 – Deposits and Investments

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

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

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments (Continued)

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

1. Interim monies held by the Library can be deposited or invested in the following securities: United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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. 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.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments (Continued)

At December 31, 2021, the Library had \$1,978 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2021, none of the Library’s bank balances of \$5,054,248 was exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

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

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

Investments

The library reports their investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2021, the Library had the following investments:

Investment Type	Value	Percent of Total	Investment Maturities		
			Within 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	\$519,109	19%	\$519,109		
Negotiable Certificates of Deposit	\$ 2,165,494	81%	\$ 1,643,494	\$ 350,000	\$ 172,000
Total	\$2,684,603		\$2,162,603	\$350,000	\$172,000

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy addresses interest rate risk by requiring the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments (Continued)

Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

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

Note 6 – Grants in Aid, Property Taxes, and Tax Abatements

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the taxing district of the Library. Property tax revenue received during 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 \$1.00 per \$1,000 of assessed value.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$3,023,233,532
Public Utility Personal Property	<u>265,630,990</u>
Total	<u><u>\$3,288,864,522</u></u>

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

Tax Abatements

A tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Certain local governments including municipalities and school districts in the Library’s service district may have entered into abatement agreements that reduced the 2021 tax revenue received by the Library. According to the Licking County Auditor’s office, the Library’s portion of abated taxes totaled \$298,811.70 for the 2021 tax year.

Note 7 – Interfund Transfers

Transfers

During 2021, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds		Other Nonmajor Governmental	
	General	Building & Repair Fund		
Building & Repair Fund	\$465,000	\$0	\$0	\$465,000

The above mentioned Transfers From / To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Non-routine transfers from other non-major governmental funds were in compliance with Ohio Revised Code for designated projects.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Auto-Owners	Property	\$ 17,748,975
	General Liability	\$ 1,000,000
	Commercial Crime	\$ 235,000
	Inland Marine	\$ 5,380,000
	Vehicle	\$ 1,000,000
	Employee Dishonesty	\$ 235,000
	Employee Benefits	\$ 1,000,000
	Employer Stop Gap	\$ 1,000,000
	Umbrella	\$ 2,000,000
Philadelphia Indemnity	Director & Officer	\$ 1,000,000
	Employment Practices	\$ 1,000,000

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

The Library participates in the Cusarc School Plan 1 Group Retrospective-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 entities in the GRP. Each participant pays its workers’ compensation premium to the state based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund.” This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

Note 9 - Defined Benefit Pension Plan

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report 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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	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	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
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	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	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). 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, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

in calendar year 2019, the adjustment 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. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annualize their defined contribution benefit, the annualized portion of the benefit is reclassified to a defined benefit.

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:

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Defined Benefit Pension Plan (Continued)

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

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the Library’s contractually required contribution was \$264,997.77 for the traditional plan, \$12,497.37 for the combined plan, and \$0 for the member-directed plan.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit 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. 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 selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan.

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 - Postemployment Benefits (Continued)

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. 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.

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 - Postemployment Benefits (Continued)

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 \$0 for the year 2021.

Note 11 – Debt

The Library leases equipment under noncancelable leases. The Library disbursed \$30,288.75 to pay lease costs for the year ended December 31, 2021. Future lease payments are as follows:

2022	\$25,743
2023	25,743
2024	<u>8,581</u>
Total	<u><u>\$51,486</u></u>

Note 12 – Contingent Liabilities

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

Licking County Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 13 – Fund Balances

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2021 are presented below:

Fund Balances	General	Building & Repair Fund	Total
Assigned to			
Capital Improvements at Main and branches	\$ -	\$ 2,172,425	\$ 2,172,425
Encumbrances for 2021	84,433	89,758	174,191
<i>Total Assigned</i>	<u>84,433</u>	<u>2,262,183</u>	<u>2,346,616</u>
Unassigned			
Unencumbered	5,234,097	-	5,234,097
<i>Total Fund Balances</i>	<u>\$ 5,318,530</u>	<u>\$ 2,262,183</u>	<u>\$ 7,580,713</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. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. 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.

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities and each major fund of the Licking County Library, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 20, 2023, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

Internal Controls 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) to determine the audit procedures that are appropriate in the circumstances for the purpose 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. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses. However material weaknesses or significant deficiencies may exist that were not identified.

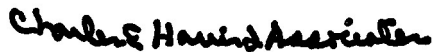
Compliance and Other Matters

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 determination of financial statement amounts. 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*.

However, we noted a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 20, 2023.

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.



Charles E. Harris & Associates, Inc.
June 20, 2023

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OHIO AUDITOR OF STATE KEITH FABER



LICKING COUNTY LIBRARY

LICKING 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 9/21/2023

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