



OHIO AUDITOR OF STATE
KEITH FABER



OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

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INDEPENDENT AUDITOR'S REPORT

Oak Hill Public Library
Jackson County
226 South Front Street
Oak Hill, Ohio 45656

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Oak Hill Public Library, Jackson County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for each governmental fund as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2022 and 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and 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 29, 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2023

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Oak Hill Public Library*Jackson County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types**For the Year Ended December 31, 2022*

	General	Special Revenue	Combined Total
Cash Receipts			
Public Library	\$291,926	\$0	\$291,926
Intergovernmental	0	2,500	2,500
Patron Fines and Fees	3,669	0	3,669
Contributions, Gifts and Donations	2,836	0	2,836
Earnings on Investments	5,927	0	5,927
Miscellaneous	57	0	57
<i>Total Cash Receipts</i>	<u>304,415</u>	<u>2,500</u>	<u>306,915</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	188,478	2,980	191,458
Support Services:			
Facilities Operation and Maintenance	46,011	0	46,011
Information Services	1,209	0	1,209
Business Administration	22,687	0	22,687
<i>Total Cash Disbursements</i>	<u>258,385</u>	<u>2,980</u>	<u>261,365</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>46,030</u>	<u>(480)</u>	<u>45,550</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	480	480
Transfers Out	(480)	0	(480)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(480)</u>	<u>480</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	45,550	0	45,550
<i>Fund Cash Balances, January 1</i>	<u>455,365</u>	<u>0</u>	<u>455,365</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$500,915</u></u>	<u><u>\$0</u></u>	<u><u>\$500,915</u></u>

See accompanying notes to the basic financial statements

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Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

Jointly Governed Organizations

The Library participates in jointly governed organizations. Note 9 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Summer Reading Program The Summer Reading Program fund accounts for and reports grant monies restricted for Summer Reading Programming functions within the Library.

Emergency Connectivity Grant Program The Emergency Connectivity Grant provides funding for the Library Wi-Fi hotspot program with the service providers paid on-behalf of the Library directly from the Federal Communications Commission (FCC).

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,489	\$304,415	(\$74)
Special Revenue	2,980	2,980	0
Total	\$307,469	\$307,395	(\$74)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$445,920	\$263,835	\$182,085
Special Revenue	2,980	2,980	0
Total	\$448,900	\$266,815	\$182,085

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 4 – Deposits and Investments

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

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$58,186
Certificates of deposit	307,575
Other time deposits (savings and NOW accounts)	135,154
Total deposits	<u><u>500,915</u></u>

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Library is holding \$2,587 in unremitted employee payroll withholdings.

Deposits

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

Note 5 – Grants in Aid

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.

Note 6 – Risk Management

Workers' Compensation

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

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 6 – Risk Management (Continued)

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

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.

Note 9 - Jointly Governed Organizations

Southeast Regional Library System

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provision of § 3375.70 and § 3375.73 of the Ohio Revised Code. Membership dues are paid to belong to this organization which is governed by its own set of by-laws. Participating libraries include Sylvester Memorial Wellston, Jackson City, Oak Hill, University of Rio Grande, Dr. Samuel Bossard Memorial, Portsmouth City, Garnet A Wilson, Chillicothe & Ross County, Pickaway County, Fairfield County, Grandview Heights, Pickerington Westerville, Homer, Licking County,

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 9 - Jointly Governed Organizations (Continued)

Guernsey County, Belmont College, Belmont County, Bellaire, Meigs County, Perry County, Logan-Hocking County, Athens County, Bexley, Briggs Lawrence, Granville, OH Dept of Natural Resources, St Clairsville, Wagnalls Memorial, Washington County, and Herbert Wescoat Memorial.

A 14 member board sets policy and hires a director and fiscal officer who oversee the day-to-day operations of SERLS. The Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on SERLS' Board of Trustees

Ohio Valley Library Consortium

Ohio Valley Library Consortium is a cooperative agreement between the Sylvester Memorial Wellston Public Library, Jackson City Library, Herbert Wescoat Memorial Library, Portsmouth Public Library, Meigs County District Library, Oak Hill Public Library, Briggs Lawrence County Public Library, and Logan-Hocking County Library. Each library pays a share of subscription and support fees for the databases to The Library Corporation and each library maintains their own individuality. The purpose of OVLC is for resource sharing with participating members.

Note 10 – Related Party Transactions

The Library pays an annual fee to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2022 The Library paid \$250 to SERLS for annual membership dues and fees for services provided. The Library's employees can obtain dental and vision insurance through SERLS also, which is deducted from the employee's wage. The Library paid \$409 for the Director's dental insurance in 2022. Of this, the employee and employer portions were \$204 and \$205, respectively.

Note 11 – Fund Balances

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2022, there were no nonspendable balances.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Library received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Oak Hill Public Library
Jackson County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	<u>General</u>
Cash Receipts	
Public Library	\$269,854
Patron Fines and Fees	2,581
Contributions, Gifts and Donations	2,745
Earnings on Investments	6,516
Miscellaneous	<u>646</u>
<i>Total Cash Receipts</i>	<u>282,342</u>
Cash Disbursements	
Current:	
Library Services:	
Public Services and Programs	163,598
Support Services:	
Facilities Operation and Maintenance	57,123
Information Services	1,122
Business Administration	<u>22,245</u>
<i>Total Cash Disbursements</i>	<u>244,088</u>
<i>Excess of Receipts Over Disbursements</i>	<u>38,254</u>
<i>Net Change in Fund Cash Balances</i>	38,254
<i>Fund Cash Balances, January 1</i>	<u>417,111</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$455,365</u></u>

See accompanying notes to the basic financial statements

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Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

Jointly Governed Organizations

The Library participates in jointly governed organizations. Note 9 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Basis of Accounting

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

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

Budgetary Process

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

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$282,426	\$282,342	(\$84)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$443,704	\$248,008	\$195,696

Note 4 – Deposits and Investments

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$53,559
Certificates of deposit	301,717
Other time deposits (savings and NOW accounts)	100,089
Total deposits	455,365

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, the Library is holding \$2,374 in unremitted employee payroll withholdings.

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 4 – Deposits and Investments (Continued)

Deposits

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

Note 5 – Grants in Aid

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.

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2021.

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 - Jointly Governed Organizations

Southeast Regional Library System

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provision of § 3375.70 and § 3375.73 of the Ohio Revised Code. Membership dues are paid to belong to this organization which is governed by its own set of by-laws. Participating libraries include Sylvester Memorial Wellston, Jackson City, Oak Hill, University of Rio Grande, Dr. Samuel Bossard Memorial, Portsmouth City, Garnet A Wilson, Chillicothe & Ross County, Pickaway County, Fairfield County, Grandview Heights, Pickerington Westerville, Homer, Licking County, Guernsey County, Belmont College, Belmont County, Bellaire, Meigs County, Perry County, Logan-Hocking County, Athens County, Bexley, Briggs Lawrence, Granville, OH Dept of Natural Resources, St Clairsville, Wagnalls Memorial, Washington County, and Herbert Wescoat Memorial.

A 14 member board sets policy and hires a director and fiscal officer who oversee the day-to-day operations of SERLS. The Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on SERLS' Board of Trustees

Ohio Valley Library Consortium

Ohio Valley Library Consortium is a cooperative agreement between the Sylvester Memorial Wellston Public Library, Jackson City Library, Herbert Wescoat Memorial Library, Portsmouth Public Library, Meigs County District Library, Oak Hill Public Library, Briggs Lawrence County Public Library, and Logan-Hocking County Library. Each library pays a share of subscription and support fees for the databases to The Library Corporation and each library maintains their own individuality. The purpose of OVLC is for resource sharing with participating members.

Note 10 – Related Party Transactions

The Library pays an annual fee to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2021 The Library paid \$250 to SERLS for annual membership dues and fees for services provided. The Library's employees can obtain dental and vision insurance through SERLS also, which is deducted from the employee's wage. The Library paid \$403 for the Director's dental insurance in 2021. Of this, the employee and employer portions were \$202 and \$201, respectively.

Oak Hill Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 11 – Fund Balances

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2021, there were no nonspendable balances.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Library did not received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Oak Hill Public Library
Jackson County
226 South Front Street
Oak Hill, Ohio 45656

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Oak Hill Public Library, Jackson County, Ohio (the Library), and have issued our report thereon dated June 29, 2023, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Library's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Library's response to the Finding identified in our audit and described in the accompanying Schedule of Findings. The Library's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 29, 202

OAK HILL PUBLIC LIBRARY
JACKSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Material Weakness

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

As a result of the audit procedures performed, the financial statements had the following error requiring adjustment to the Library's financial statements for 2022:

- Intergovernmental receipts and public services and program disbursements in the Special Revenue Fund Type were understated \$1,062 due to the Library not including "on-behalf" payments from the Federal Communication Commission (FCC) to T-Mobile through the Emergency Connectivity Grant.

The financial statements have been adjusted for the error noted above.

In addition, the Library had errors and omissions in their notes to the financial statements as follows.

2022:

- Emergency Connectivity Grant Fund was not reported as a significant special revenue fund due to on behalf activity not reported in UAN;
- Special Revenue budgetary information was understated \$1,062 due to the Emergency Connectivity Grant activity not reported in UAN;
- Outstanding checks were not removed from the cash demand deposits to reconcile total cash to the financial statements; and
- Jointly governed organizations, related party transactions, and fund balance footnotes were omitted from the Hinkle filing.

2021:

- Coronavirus Relief Fund was listed as a significant special revenue fund but had no activity;
- Outstanding checks were not removed from the cash demand deposits to reconcile total cash to the financial statements; and
- Jointly governed organizations, related party transactions, and fund balance footnotes were omitted from the Hinkle filing.

The Clerk-Treasurer should review all activity that is paid "on-behalf" of the Library and ensure that those corresponding receipts and disbursements are recorded in the accounting system. Further, the Clerk-Treasurer should review the Library footnote shell each year for changes and include all applicable footnotes.

Officials' Response: The Clerk-Treasurer (Fiscal Officer) of the Oak Hill Public Library will investigate and determine the actions needed to enter activity that is paid "on-behalf" of the library in the Uniform Accounting Network (UAN) system moving forward. The Emergency Connectivity Grant Fund extends into 2023 so this will need to be corrected in UAN as soon as possible to eliminate an impact on the 2023 financial report. Also, the Clerk-Treasurer (Fiscal Officer) will review the changes to the footnotes provided by the auditor for inclusion in the footnotes in the future.

OHIO AUDITOR OF STATE KEITH FABER



OAK HILL PUBLIC LIBRARY

JACKSON 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 7/18/2023

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