



OHIO AUDITOR OF STATE
KEITH FABER



**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

DECEMBER 31, 2022 AND 2021

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WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY

DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Dayton, Ohio 45419

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wright Memorial Public Library, Montgomery 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 respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2022 and 2021, and the respective changes in cash-basis financial position thereof 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 Opinions

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

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

As discussed in Note 13 to the financial statements for the year ending December 31, 2021, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Library. Our opinion is not modified with respect to 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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

December 6, 2023

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**Wright Memorial Public Library
Montgomery County**

*Statement of Net Position - Cash Basis
December 31, 2022*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,031,977</u>
<i>Total Assets</i>	<u><u>\$3,031,977</u></u>
Net Position	
Restricted for:	
Other Purposes	\$334,729
Unrestricted	<u>2,697,248</u>
<i>Total Net Position</i>	<u><u>\$3,031,977</u></u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
Montgomery County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2022*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services				
Public Services and Programs	\$1,800,627	\$10,050	\$226,929	(\$1,563,648)
Capital Outlay	1,012,365			(1,012,365)
Debt Service:				
Principal Retirement	358,000			(358,000)
Interest and Fiscal Charges	53,898			(53,898)
<i>Total Governmental Activities</i>	<u>3,224,890</u>	<u>10,050</u>	<u>226,929</u>	<u>(2,987,911)</u>
<i>Total Primary Government</i>	<u>\$3,224,890</u>	<u>\$10,050</u>	<u>\$226,929</u>	<u>(2,987,911)</u>
		General Receipts:		
		Property Taxes		902,972
		Unrestricted Gifts and Contributions		1,452
		Grants/Entitlements not Restricted to Specific Programs		1,530,330
		Earnings on Investments		40,413
		Miscellaneous		43,156
		<i>Total General Receipts</i>		<u>2,518,323</u>
		Change in Net Position		(469,588)
		<i>Net Position Beginning of Year</i>		<u>3,501,565</u>
		<i>Net Position End of Year</i>		<u>\$3,031,977</u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
Montgomery County**

*Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2022*

	General	Capital Projects	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,775,917	\$256,060	\$3,031,977
<i>Total Assets</i>	<u>\$2,775,917</u>	<u>\$256,060</u>	<u>\$3,031,977</u>
Fund Balances			
Committed		256,060	256,060
Assigned	334,730		334,730
Unassigned (Deficit)	2,441,187		2,441,187
<i>Total Fund Balances</i>	<u>\$2,775,917</u>	<u>\$256,060</u>	<u>\$3,031,977</u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
Montgomery County**

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

	General	Capital Projects	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$902,972		\$902,972
Public Library	1,469,323		1,469,323
Intergovernmental	61,007		61,007
Patron Fines and Fees	9,141		9,141
Contributions, Gifts and Donations	228,381		228,381
Earnings on Investments	40,413		40,413
Miscellaneous	41,065	\$3,000	44,065
<i>Total Receipts</i>	<u>2,752,302</u>	<u>3,000</u>	<u>2,755,302</u>
Disbursements			
Current:			
Library Services	1,800,627		1,800,627
Capital Outlay		1,012,365	1,012,365
Debt Service:			
Principal Retirement	358,000		358,000
Interest and Fiscal Charges	53,898		53,898
<i>Total Disbursements</i>	<u>2,212,525</u>	<u>1,012,365</u>	<u>3,224,890</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>539,777</u>	<u>(1,009,365)</u>	<u>(469,588)</u>
<i>Net Change in Fund Balances</i>	<u>539,777</u>	<u>(1,009,365)</u>	<u>(469,588)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,236,140</u>	<u>1,265,425</u>	<u>3,501,565</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,775,917</u></u>	<u><u>\$256,060</u></u>	<u><u>\$3,031,977</u></u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
Montgomery County**

*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>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$906,613	\$906,613	\$902,972	(\$3,641)
Public Library	1,282,095	1,282,095	1,469,323	187,228
Intergovernmental	56,000	56,000	61,007	5,007
Patron Fines and Fees	10,500	10,500	9,141	(1,359)
Contributions, Gifts and Donations	36,450	223,504	228,381	4,877
Earnings on Investments	15,000	15,000	40,413	25,413
Miscellaneous	10,821	10,821	41,065	30,244
<i>Total Receipts</i>	<u>2,317,479</u>	<u>2,504,533</u>	<u>2,752,302</u>	<u>247,769</u>
Disbursements				
Current:				
Library Services:	2,053,494	2,078,194	1,924,280	153,914
Public Services and Programs	0	8,401	8,401	0
Debt Service:				
Principal Retirement	358,000	358,000	358,000	0
Interest and Fiscal Charges	53,945	53,945	53,898	47
<i>Total Disbursements</i>	<u>2,465,439</u>	<u>2,498,540</u>	<u>2,344,579</u>	<u>153,961</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(147,960)</u>	<u>5,993</u>	<u>407,723</u>	<u>401,730</u>
<i>Net Change in Fund Balance</i>	<u>(147,960)</u>	<u>5,993</u>	<u>407,723</u>	<u>401,730</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>2,146,450</u>	<u>2,146,450</u>	<u>2,146,450</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>89,690</u>	<u>89,690</u>	<u>89,690</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$2,088,180</u></u>	<u><u>\$2,242,133</u></u>	<u><u>\$2,643,863</u></u>	<u><u>\$401,730</u></u>

See accompanying notes to the basic financial statements.

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Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Description of the Library and Reporting Entity

The Wright Memorial Public Library (the Library) was organized as a school district public library in 1917 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Oakwood City School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, 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 3375.41 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 the Board of Education, although the Board of Education 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 Board of Education 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 the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the Library is considered to be a related organization of the Oakwood City School District.

The Wright Memorial Public Library Foundation is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The current library director and a library Board member appointed by the President of the Library Board serve in a non-voting, ex-officio capacity. The Foundation does not meet the test of significant resources as defined by GASB Statement No. 39. Therefore, this organization has been excluded from the operating entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a 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 the cash basis of accounting. Following are the more significant of the Library's accounting policies.

Basis of Presentation

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net position presents the cash and investment balances of the Library at year end. The statement of activities compares disbursements with program receipts. 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 those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds:

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

Capital Projects Fund – Capital Projects Reserve Building/Property Maintenance and Technology
The capital projects reserve building/property maintenance and technology fund accounts for and reports resources committed by the Board of Library Trustees specifically for building and property maintenance and technology.

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. 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.

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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, (except custodial 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 and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

Cash and Cash Equivalents

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2022, the Library invested in nonnegotiable certificates of deposit, federal agency securities, a money market mutual fund, and STAR Ohio. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The Library's money market mutual fund investment is recorded at the amount reported by LCNB National Bank on December 31, 2022.

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 was \$40,413 which includes \$3,395 assigned from other Library funds.

Restricted Assets

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

Inventory and Prepaid Items

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

Capital Assets

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

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 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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.

Net Position

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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.

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 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 – Budget 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(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>
Cash Basis	\$2,775,917
Encumbrances	<u>(132,054)</u>
Budget Basis	<u>\$2,643,863</u>

Note 4 – Deposits and Investments

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

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

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

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

At year end, the Library had \$269 in undeposited cash on hand which is included as part of “Cash” or “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Investments

The fair value of these investments is not materially different from measurement value. As of December 31, 2022, the Library had the following investments:

	Measurement Amount	Investment Maturities (in Years)		
		Less Than 1	1-2	3-5
Federal Home Loan Mortgage Corporation Notes	127,238		127,238	
Federal Home Loan Bank Notes	553,796		150,666	403,130
Federal National Mortgage Association Notes	75,128		75,128	
Federal Farm Credit Bank Notes	192,119		111,924	80,195
Tennessee Valley Authority Notes	50,365		50,365	
Money Market Mutual Fund	62,339	62,339		
Certificates of Deposit	703,823	264,243	341,245	98,335
Star Ohio	517,156	517,156		
GIDP/Star Plus	526,266	526,266		
Total Investments	\$2,808,230	\$1,370,004	\$856,566	\$581,660

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 that the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The security underlying the Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, and Tennessee Valley Authority Notes carry a rating of Aaa by Moody’s and AAA by Standard & Poor’s. STAR Ohio carries a rating of AAAM by Standard and Poor’s. The money market fund carries a rating of AAAMmf by Fitch. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2022:

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

Investment Issuer	Percentage of Investments
Certificates of Deposit	25.1%
Federal Home Loan Bank Note	19.7
GIDP/Star Plus	18.7
Star Ohio	18.4
Federal Farm Credit Bank Notes	6.8

Note 5 – Grants in Aid and Property Taxes

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in 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.

The full tax rate for all Library operations for the year ended December 31, 2022, was \$3.00 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	\$369,488,310
Public Utility Personal Property	3,243,310
Total	\$372,731,620

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.

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

Note 6 – Risk Management

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

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.

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

Insurance Benefits

Full-time employees are generally eligible for health, life, and dental insurance. They may choose to purchase life, vision, and other voluntary insurance through the Library at their own expense. The Library provides life insurance and accidental death and dismemberment insurance through Southwestern Ohio Educational Purchasing Council Life Program for the Oakwood City Schools. The Library provides medical/surgical benefits through Southwestern Ohio Educational Purchasing Council Benefit Plans for the Oakwood City Schools. The employees share the cost of the monthly premium with the Library. Dental insurance is provided by the Library through Delta Dental for the Oakwood City Schools.

Note 7 – Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – 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.

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):

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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 on 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 on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Notes to the Basic Financial Statements
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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the 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 annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- *** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- **** 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.

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Notes to the Basic Financial Statements
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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2022, the Library's contractually required contribution was \$111,839 for the traditional plan and \$21,303 for the member-directed plan.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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.

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

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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 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.

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Notes Payable

A summary of the note transactions for the year ended December 31, 2022, follows:

	Outstanding 12/31/2021	Additions	Deletions	Outstanding 12/31/2022
Governmental Activities				
Series 2021 1.57%				
Special Obligation Notes	\$3,433,000	\$0	\$358,000	\$3,075,000

The Library Facilities Improvement Special Obligation Notes, Series 2021 were issued on February 26, 2021 at an interest rate of 1.57% for the purpose of constructing building improvements and renovations to the library facilities consisting of replacement of most of the building’s roof and mechanical infrastructure, upgrades to technology, addition of an outdoor children’s programming area, and a second vestibule conference room. These notes pledge the county library fund receipts, and do not constitute general obligation debt of the Library, or pledge of the full faith and credit of the Library. The debt payment schedule is listed below:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 364,000	\$ 48,277	\$ 412,277
2024	370,000	42,563	412,563
2025	375,000	36,754	411,754
2026	381,000	30,866	411,866
2027	387,000	24,885	411,885
2028-2030	1,198,000	37,821	1,235,821
Total	\$ 3,075,000	\$ 221,166	\$ 3,296,166

Note 10 – Construction and Contractual Commitments

In 2020, the Board of Trustees approved contracts for engineering, construction management, and other professional services with various vendors for the Next Chapter Project. This project includes design and constructions services for the renovation and improvement of main and park levels, other than the 2018 restoration and renovations. This \$5 million project, which began in January 2020 and was substantially complete by February 2022, is a public/private partnership with philanthropic pledges of \$1,534,455. As of December 31, 2022, there were contractual commitments of \$84,538 remaining encumbered and outstanding.

Note 11 – Fund Balances

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

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

Fund Balances	General	Capital Projects	Total
Committed to			
Capital Projects		256,060	256,060
Assigned to			
Vacation/Sick Leave Pay-Out Liabilities	202,676		202,676
Year-End Reserve for Encumbrances	132,054		132,054
<i>Total Assigned</i>	334,730	0	334,730
Unassigned (Deficit)	2,441,187		2,441,187
<i>Total Fund Balances</i>	\$2,775,917	\$256,060	\$3,031,977

In addition to the above fund balance constraints, the Library has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Library established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Library Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2022, is \$2,555,545.

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Wright Memorial Public Library
Montgomery County

Statement of Net Position - Cash Basis
December 31, 2021

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,501,565</u>
<i>Total Assets</i>	<u><u>\$3,501,565</u></u>
Net Position	
Restricted for:	
Other Purposes	\$282,739
Unrestricted	<u>3,218,826</u>
<i>Total Net Position</i>	<u><u>\$3,501,565</u></u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
Montgomery County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2021*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services	\$1,673,801	\$8,778	\$797,248	(\$867,775)
Capital Outlay	3,771,574			(3,771,574)
Debt Service:				
Principal Retirement	367,000			(367,000)
Interest and Fiscal Charges	45,574			(45,574)
<i>Total Governmental Activities</i>	<u>5,857,949</u>	<u>8,778</u>	<u>797,248</u>	<u>(5,051,923)</u>
<i>Total Primary Government</i>	<u>\$5,857,949</u>	<u>\$8,778</u>	<u>\$797,248</u>	<u>(5,051,923)</u>
		General Receipts:		
		Property Taxes		896,252
		Unrestricted Gifts and Contributions		1,796
		Grants/Entitlements not Restricted to Specific Programs		1,476,168
		Sale of Notes		3,758,888
		Earnings on Investments		12,794
		Miscellaneous		18,005
		<i>Total General Receipts</i>		<u>6,163,903</u>
		Change in Net Position		1,111,980
		<i>Net Position Beginning of Year</i>		<u>2,389,585</u>
		<i>Net Position End of Year</i>		<u>\$3,501,565</u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
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*Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2021*

	General	Capital Projects Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,236,140	\$1,265,425	\$3,501,565
<i>Total Assets</i>	\$2,236,140	\$1,265,425	\$3,501,565
Fund Balances			
Committed		1,265,425	1,265,425
Assigned	282,739		282,739
Unassigned (Deficit)	1,953,401		1,953,401
<i>Total Fund Balances</i>	\$2,236,140	\$1,265,425	\$3,501,565

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
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*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021*

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$896,252			\$896,252
Public Library	1,414,835			1,414,835
Intergovernmental	61,333			61,333
Patron Fines and Fees	8,579			8,579
Contributions, Gifts and Donations	799,044			799,044
Earnings on Investments	12,794			12,794
Miscellaneous	17,271	\$933		18,204
<i>Total Receipts</i>	<u>3,210,108</u>	<u>933</u>		<u>3,211,041</u>
Disbursements				
Current:				
Library Services	1,668,148		\$5,653	1,673,801
Capital Outlay		3,771,574		3,771,574
Debt Service:				
Principal Retirement	367,000			367,000
Interest and Fiscal Charges	45,574			45,574
<i>Total Disbursements</i>	<u>2,080,722</u>	<u>3,771,574</u>	<u>5,653</u>	<u>5,857,949</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,129,386</u>	<u>(3,770,641)</u>	<u>(5,653)</u>	<u>(2,646,908)</u>
Other Financing Sources (Uses)				
Sale of Notes	3,758,888			3,758,888
Transfers In		4,000,000		4,000,000
Transfers Out	(4,000,000)			(4,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(241,112)</u>	<u>4,000,000</u>	<u>0</u>	<u>3,758,888</u>
<i>Net Change in Fund Balances</i>	<u>888,274</u>	<u>229,359</u>	<u>(5,653)</u>	<u>1,111,980</u>
<i>Fund Balances Beginning of Year</i>	<u>1,347,866</u>	<u>1,036,066</u>	<u>5,653</u>	<u>2,389,585</u>
<i>Fund Balances End of Year</i>	<u>\$2,236,140</u>	<u>\$1,265,425</u>	<u>\$0</u>	<u>\$3,501,565</u>

See accompanying notes to the basic financial statements.

**Wright Memorial Public Library
Montgomery County**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$846,760	\$846,760	\$896,252	\$49,492
Public Library	1,122,970	1,122,970	1,414,835	291,865
Intergovernmental	65,000	65,000	61,333	(3,667)
Patron Fines and Fees	17,500	17,500	8,579	(8,921)
Contributions, Gifts and Donations	776,450	786,901	799,044	12,143
Earnings on Investments	25,000	25,000	12,794	(12,206)
Miscellaneous	13,020	13,020	17,271	4,251
<i>Total Receipts</i>	<u>2,866,700</u>	<u>2,877,151</u>	<u>3,210,108</u>	<u>332,957</u>
Disbursements				
Current:				
Library Services	1,913,081	1,958,827	1,757,839	200,988
Debt Service:				
Principal Retirement	358,000	367,000	366,999	1
Interest and Fiscal Charges	104,200	85,200	45,574	39,626
<i>Total Disbursements</i>	<u>2,375,281</u>	<u>2,411,027</u>	<u>2,170,412</u>	<u>240,615</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>491,419</u>	<u>466,124</u>	<u>1,039,696</u>	<u>573,572</u>
Other Financing Sources (Uses)				
Sale of Notes	3,791,000	3,791,001	3,758,888	(32,113)
Transfers Out	(3,750,000)	(4,000,000)	(4,000,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>41,000</u>	<u>(208,999)</u>	<u>(241,112)</u>	<u>(32,113)</u>
<i>Net Change in Fund Balance</i>	<u>532,419</u>	<u>257,125</u>	<u>798,584</u>	<u>541,459</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>1,297,898</u>	<u>1,297,898</u>	<u>1,297,898</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>49,968</u>	<u>49,968</u>	<u>49,968</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$1,880,285</u></u>	<u><u>\$1,604,991</u></u>	<u><u>\$2,146,450</u></u>	<u><u>\$541,459</u></u>

See accompanying notes to the basic financial statements.

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Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Wright Memorial Public Library (the Library) was organized as a school district public library in 1917 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Oakwood City School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, 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 3375.41 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 the Board of Education, although the Board of Education 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 Board of Education 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 the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the Library is considered to be a related organization of the Oakwood City School District.

The Wright Memorial Public Library Foundation is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The current library director and a library Board member appointed by the President of the Library Board serve in a non-voting, ex-officio capacity. The Foundation does not meet the test of significant resources as defined by GASB Statement No. 39. Therefore, this organization has been excluded from the operating entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a 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 the cash basis of accounting. Following are the more significant of the Library's accounting policies.

Basis of Presentation

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net position presents the cash and investment balances of the Library at year end. The statement of activities compares disbursements with program receipts. 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 those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds:

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

Capital Projects Fund – Capital Projects Reserve Building/Property Maintenance and Technology The capital projects reserve building/property maintenance and technology fund accounts for and reports resources committed by the Board of Library Trustees specifically for building and property maintenance and technology.

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. 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.

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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, (except custodial 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 and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

Cash and Cash Equivalents

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

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

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

During 2021, the Library invested in nonnegotiable certificates of deposit, federal agency securities, a money market mutual fund, and STAR Ohio. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The Library’s money market mutual fund investment is recorded at the amount reported by LCNB National Bank on December 31, 2021.

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$50 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 was \$12,794 which includes \$4,619 assigned from other Library funds.

Restricted Assets

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

Inventory and Prepaid Items

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

Capital Assets

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

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 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

Net Position

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

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

Fund Balance

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

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.

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 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(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>
Cash Basis	\$2,236,140
Encumbrances	<u>(89,690)</u>
Budget Basis	<u><u>\$2,146,450</u></u>

Note 4 – Deposits and Investments

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

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

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

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

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

At year end, the Library had \$269 in undeposited cash on hand which is included as part of “Cash” or “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Investments

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

	Measurement Amount	Investment Maturities (in Years)		
		Less Than 1	1-2	3-5
Federal Home Loan Mortgage Corporation Notes	78,730			78,730
Federal Farm Credit Bank Notes	192,950			192,950
Federal Home Loan Bank Notes	478,149		75,019	403,130
Federal National Mortgage Association Notes	24,914		24,914	
Money Market Mutual Fund	111,937	111,937		
Certificates of Deposit	853,823	150,000	605,488	98,335
Star Ohio	1,119,529	1,119,529		
GIDP/Star Plus	520,871	520,871		
Total Investments	\$3,380,903	\$1,902,337	\$705,421	\$773,145

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 that the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The security underlying the Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal Home Loan Bank Notes carry a rating of Aaa by Moody’s and AAA by Standard & Poor’s. STAR Ohio carries a rating of AAAM by Standard and Poor’s. The money market fund carries a rating of AAAMmf by Fitch. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Investment Issuer	Percentage of Investments
Star Ohio	33.1%
Certificates of Deposit	25.3
GIDP/Star Plus	15.4
Federal Home Loan Bank Note	14.1
Federal Farm Credit Bank Notes	5.7

Note 5 – Grants in Aid and Property Taxes

Grants in Aid

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

Property Taxes

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

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2022, 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 \$3.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$368,475,600
Public Utility Personal Property	3,024,280
Total	\$371,499,880

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.

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 6 – Interfund Transfers

Transfers

During 2021, a transfer of \$4,000,000 was made from the General Fund to the Capital Project Fund for the purpose of contracts for engineering, construction management and other professional services related to the renovation and improvement of previously non-renovated main level, and the park level of the Library.

Note 7 – Risk Management

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

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.

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

Wright Memorial Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Insurance Benefits

Full-time employees are generally eligible for health, life, and dental insurance. They may choose to purchase life, vision, and other voluntary insurance through the Library at their own expense. The Library provides life insurance and accidental death and dismemberment insurance through Southwestern Ohio Educational Purchasing Council Life Program for the Oakwood City Schools. The Library provides medical/surgical benefits through Southwestern Ohio Educational Purchasing Council Benefit Plans for the Oakwood City Schools. The employees share the cost of the monthly premium with the Library. Dental insurance is provided by the Library through Delta Dental for the Oakwood City Schools.

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

	State and Local	Public Safety	Law Enforcement
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			
*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.			
**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.			

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$100,927 for the traditional plan and \$20,854 for the member-directed plan for the year 2021.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS ACFR referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 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.

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 10 – Debt

Notes Payable

A summary of the note transactions for the year ended December 31, 2021, follows:

	Outstanding 12/31/2020	Additions	Deletions	Outstanding 12/31/2021
Governmental Activities				
Series 2021 1.57%				
Special Obligation Notes	\$0	\$3,800,000	\$367,000	\$3,433,000

The Library Facilities Improvement Special Obligation Notes, Series 2021 were issued on February 26, 2021 at an interest rate of 1.57% for the purpose of constructing building improvements and renovations to the library facilities consisting of replacement of most of the building's roof and mechanical infrastructure, upgrades to technology, addition of an outdoor children's programming area, and a second vestibule conference room. These notes pledge the county library fund receipts, and do not constitute general obligation debt of the Library, or pledge of the full faith and credit of the Library. The debt payment schedule is listed below:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 358,000	\$ 53,898	\$ 411,898
2023	364,000	48,277	412,277
2024	370,000	42,563	412,563
2025	375,000	36,754	411,754
2026	381,000	30,866	411,866
2027-2030	1,585,000	62,706	1,647,706
Total	\$ 3,433,000	\$ 275,064	\$ 3,708,064

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 – Construction and Contractual Commitments

In 2020, the Board of Trustees approved contracts for engineering, construction management, and other professional services with various vendors for the Next Chapter Project. This project includes design and construction services for the renovation and improvement of main and park levels, other than the 2018 restoration and renovations. This \$5 million project, which began in January 2020 and is expected to be complete by February 2022, is a public/private partnership with philanthropic pledges of \$1,534,455. As of December 31, 2021, there were contractual commitments of \$1,069,658.42 remaining encumbered and outstanding.

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 are presented below:

Fund Balances	General	Capital Projects	Total
Committed to			
Capital Projects		1,265,425	1,265,425
<i>Total Committed</i>	0	1,265,425	1,265,425
Assigned to			
Vacation/Sick Leave Pay-Out Liabilities	193,049		193,049
Year-End Reserve for Encumbrances	89,690		89,690
<i>Total Assigned</i>	282,739	0	282,739
Unassigned (Deficit)	1,953,401		1,953,401
<i>Total Fund Balances</i>	<u>\$2,236,140</u>	<u>\$1,265,425</u>	<u>\$3,501,565</u>

In addition to the above fund balance constraints, the Library has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Library established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Library Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2021, is \$2,363,460.

Wright Memorial Public Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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. 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.

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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

Wright Memorial Public Library
Montgomery County
1776 Far Hills Avenue
Dayton, Ohio 45419

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 governmental activities, each major fund, and the aggregate remaining fund information of the Wright Memorial Public Library, Montgomery County, (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 December 6, 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 continuing recovery measures may impact subsequent periods of the Library.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 Findings

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 and / or corrective action plan. 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

December 6, 2023

**WRIGHT MEMORIAL PUBLIC LIBRARY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness – Determination of Major Funds

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.

Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

GASB Codification 2200.158-.159 and paragraphs 75 and 76 of Government Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statements No. 37 and No. 65, provide the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Non-major funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a. Total of assets and deferred outflows of resources, total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element(s) total (total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. The same element(s) that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Due to an error made within the Library's accounting system, the Library's 2021 financial statements erroneously presented the Capital Projects Fund under "Other Governmental Funds" even though it met the above noted criteria to be presented as a major fund. Upon identification by audit, the financial statements were adjusted to properly reflect the Library's major funds.

The Library should establish and implement procedures to verify that all funds meeting the requirements of a major fund under GASB Codification 2200.158-.159 and GASB Statement No. 34, as amended by GASB Statements No. 37 No. 65, are presented as such on the financial statements. Failure to do so could result in the activity of a significant fund being reported under other governmental funds.

FINDING NUMBER 2022-001
(Continued)

Officials' Response:

The library had larger than normal balances in the Capital Fund at the end of 2021 due to a delayed construction project. The Fiscal Officer at the time missed making the change in the classification of the Capital Fund from minor to major before closing the accounting system for the year 2021. The library has a new Fiscal Officer that is aware of the classification requirements of GASB Statement number 34, as amended by GASB Statement number 37 and has inquired with the accounting system technical support team how this change is to be made at year-end in the future. The Fiscal Officer will evaluate each fund at year end to determine if the classification needs changed from minor to major for the Financial Reports.



Wright Memorial

Public Library

CORRECTIVE ACTION PLAN DECEMBER 31, 2022 and 2021

Administration

Kristi Hale
Director

Brenda Oliver
Fiscal Officer

Sarah Uchic
*Administrative Services
Coordinator*

Board of Trustees

Randale J. Honaker III
President

Jennifer Enseleit
Vice President

Lu Ann Stanley
Secretary

Darrell Crowe
Bob Eling

Joseph Fulford
Candise Powell

Finding Number:

2022-001

Planned Corrective Action:

The library had larger than normal balances in the Capital Fund at the end of 2021 due to a delayed construction project. The Fiscal Officer at the time missed making the change in the classification of the Capital Fund from minor to major before closing the accounting system for the year 2021. The library has a new Fiscal Officer that is aware of the classification requirements of GASB Statement number 34, as amended by GASB Statement number 37 and has inquired with the accounting system technical support team how this change is to be made at year-end in the future. The Fiscal Officer will evaluate each fund at year end to determine if the classification needs changed from minor to major for the Financial Reports.

Anticipated Completion Date:

N/A

Responsible Contact Person:

Brenda Oliver, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



WRIGHT MEMORIAL PUBLIC LIBRARY

MONTGOMERY 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 12/26/2023

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