



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

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ROSS COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County, Ohio (the Library), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2023 and 2022, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General fund for the years then ended in accordance with the modified cash-basis of accounting described in Note 2.

#### **Basis for Opinions**

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

#### **Emphasis of Matter - Accounting Basis**

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Other Information***

We applied no procedures to the 2022 management's discussion & analysis. Accordingly, we express no opinion or any other assurance on it.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
September 11, 2024

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**Chillicothe & Ross County Public Library**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2023*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$5,519,539
	20,500
<i>Total Assets</i>	<i>\$5,540,039</i>
 <b>Net Position</b>	
Restricted for:	
Capital Projects	\$3,680,526
Permanent Fund Purpose:	
Expendable	4,426
Nonexpendable	20,500
Unrestricted	1,834,587
<i>Total Net Position</i>	<i>\$5,540,039</i>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2023*

	Program Cash Receipts			Net (Disbursements)	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Position	
			Governmental Activities	Total	
<b>Governmental Activities</b>					
Current:					
Library Services:	\$4,161,477	\$22,141	\$1,129	(\$4,138,207)	(\$4,138,207)
Public Services and Programs	28,128	0	0	(\$28,128)	(\$28,128)
Capital Outlay	993,249	0	0	(993,249)	(993,249)
	<u>5,182,854</u>	<u>22,141</u>	<u>1,129</u>	<u>(5,159,584)</u>	<u>(5,159,584)</u>
<i>Total Governmental Activities</i>	<u>5,182,854</u>	<u>22,141</u>	<u>1,129</u>	<u>(5,159,584)</u>	<u>(5,159,584)</u>
General Receipts:					
Property Taxes					2,063,263
Other Local Taxes					737
Grants/Entitlements not Restricted to Specific Programs					3,103,720
Sale of Capital Assets					110
Earnings on Investments					289,243
Miscellaneous					67,879
<i>Total General Receipts</i>					<u>5,524,952</u>
Change in Net Position					365,368
<i>Net Position Beginning of Year</i>					<u>5,174,671</u>
<i>Net Position End of Year</i>					<u><u>\$5,540,039</u></u>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2023*

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash				
Equivalents	\$1,834,587	\$3,680,526	\$4,426	\$5,519,539
Investments	0	0	20,500	20,500
<i>Total Assets</i>	<u>\$1,834,587</u>	<u>\$3,680,526</u>	<u>\$24,926</u>	<u>\$5,540,039</u>
<b>Fund Balances</b>				
Nonspendable	\$0	\$0	\$20,500	\$20,500
Restricted	\$0	\$0	\$4,426	4,426
Committed	\$68,498	\$359,356	\$0	427,854
Assigned	1,766,089	3,321,170	0	5,087,259
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances</i>	<u>\$1,834,587</u>	<u>\$3,680,526</u>	<u>\$24,926</u>	<u>\$5,540,039</u>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2023*

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$2,063,263	\$0	\$0	\$2,063,263
Public Library	3,040,335	0	0	3,040,335
Intergovernmental	63,385	0	0	63,385
Patron Fines and Fees	20,173	0	0	20,173
Contributions, Gifts and Donations	1,866	0	0	1,866
Earnings on Investments	287,425	0	1,818	289,243
Miscellaneous	69,847	0	0	69,847
<i>Total Receipts</i>	<u>5,546,294</u>	<u>0</u>	<u>1,818</u>	<u>5,548,112</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	4,128,428	32,250	799	4,161,477
Collection Development and Processing	28,128	0	0	28,128
Capital Outlay	262,377	730,872	0	993,249
<i>Total Disbursements</i>	<u>4,418,933</u>	<u>763,122</u>	<u>799</u>	<u>5,182,854</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,127,361</u>	<u>(763,122)</u>	<u>1,019</u>	<u>365,258</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	110			110
Transfers In	0	1,447,481	0	1,447,481
Transfers Out	(1,447,481)	0	0	(1,447,481)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,447,371)</u>	<u>1,447,481</u>	<u>0</u>	<u>110</u>
<i>Net Change in Fund Balances</i>	<u>(320,010)</u>	<u>684,359</u>	<u>1,019</u>	<u>365,368</u>
<i>Fund Balances Beginning of Year</i>	<u>2,154,597</u>	<u>2,996,167</u>	<u>23,907</u>	<u>5,174,671</u>
<i>Fund Balances End of Year</i>	<u>\$1,834,587</u>	<u>\$3,680,526</u>	<u>\$24,926</u>	<u>\$5,540,039</u>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,132,129	\$2,132,129	\$2,063,263	(\$68,866)
Public Library	2,941,342	2,941,342	3,040,335	98,993
Intergovernmental	60,500	60,500	63,385	2,885
Patron Fines and Fees	16,000	16,000	20,173	4,173
Contributions, Gifts and Donations	1,500	1,500	1,866	366
Earnings on Investments	30,000	30,000	287,425	257,425
Miscellaneous	57,500	57,500	69,847	12,347
<i>Total Receipts</i>	5,238,971	5,238,971	5,546,294	307,323
<b>Disbursements</b>				
Current:				
Library Services:	5,244,930	5,316,430	4,128,428	1,188,002
Public Services and Programs	44,500	45,500	28,128	17,372
Capital Outlay	341,525	416,525	262,377	154,148
<i>Total Disbursements</i>	5,630,955	5,778,455	4,418,933	1,359,522
<i>Excess of Receipts Over (Under) Disbursements</i>	(391,984)	(539,484)	1,127,361	1,666,845
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	110	110
Transfers Out	(1,447,481)	(1,447,481)	(1,447,481)	0
Other Financing Uses	(214,000)	(66,500)	0	66,500
<i>Total Other Financing Sources (Uses)</i>	(1,661,481)	(1,513,981)	(1,447,371)	66,610
<i>Net Change in Fund Balance</i>	(2,053,465)	(2,053,465)	(320,010)	1,733,455
<i>Unencumbered Fund Balance Beginning of Year</i>	1,895,660	1,895,660	1,895,660	0
Prior Year Encumbrances Appropriated	258,937	258,937	258,937	0
<i>Unencumbered Fund Balance End of Year</i>	\$101,132	\$101,132	\$1,834,587	\$1,733,455

See accompanying notes to the basic financial statements

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## Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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### **Note 1 – Description of the Library and Reporting Entity**

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

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

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

**Related Organizations** The Friends of the Chillicothe and Ross County Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

### **Note 2 – Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Library's accounting policies.

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

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. The Library has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

## Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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

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

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

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

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

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

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

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

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

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



## Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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**Budgetary Process** All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund – object group level for all funds. At this level, the Chief Fiscal Officer may transfer monies between appropriation accounts within the same object group and between programs using the same object group. 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 Chief 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 2023, the Library invested in nonnegotiable certificates of deposit, money market depository accounts, brokered certificates of deposit, STAR Ohio, and Pennsylvania Power and Light common stock. Investments are reported at cost, except for STAR Ohio and Pennsylvania Power and Light common stock.

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 2023, 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

## Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day. 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 2023 was \$287,425. Interest received in all other library funds was \$1,818.

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

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

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

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

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

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

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

**Leases and SBITAs** For 2023, GASB Statement No. 96, Subscription-Based Technology Arrangements, was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Library is the lessor/lessee (as defined by GASB 87) in various leases related to buildings, vehicles and other equipment under noncancelable leases. Lease receivables/deferred inflow of resources and intangible right to use asset/lease payable are not reflected under the Library's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The Library has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, and various other software. Subscription assets/liabilities are not reflected under the Library's modified cash basis of accounting. Subscription disbursements are recognized when they are paid.

## Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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**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.

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

**Internal Activity** Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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For the Year Ended December 31, 2023

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Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – 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 *modified* cash basis are as follows:

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

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:

	<b><u>General</u></b>
Cash Basis	(\$320,010)
Encumbrances	<u>0</u>
Budget Basis	<u>(\$320,010)</u>

The Library normally has carryover encumbrances from year to year, however, 2023 was an exception due to a change to more detailed program code reporting as required by the Auditor of State.

**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.

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*For the Year Ended December 31, 2023*

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Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

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.

## Chillicothe & Ross County Public Library

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At year end, the Library had \$475 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

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

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

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

**Investments** The fair value of these investments is not materially different from measurement value. As of December 31, 2023, the Library had the following investments:

	Value	Maturity
STAR Ohio	\$4,896,515	N/A
Pennsylvania Power & Light Co. (common stock) (FMV 12/31/23, 1,600 shares @ \$27.10 = \$43,360)	10,500	N/A
Kingston National Bank CD	10,000	03/08/2024
UBS / LPL Financial Brokered CD	245,000	06/04/2025
Total Portfolio	\$5,162,015	

	Measurement Amount	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
STAR Ohio	\$ 4,896,515	\$ 4,896,515	0	0	0
Penn. Power & Light Co. (common stock)	10,500	10,500	0	0	0
Kingston National Bank CD	10,000	10,000	0	0	0
LCNB CD	245,000	0	245,000	0	0
Total Investments	\$ 5,162,015	\$ 4,917,015	\$ 245,000	\$0	\$0

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

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

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

**Concentration of Credit Risk** The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2023:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
STAR Ohio	94.85 %

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

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

**Property Taxes** Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2023, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	<u>\$1,838,601,420</u>
Total	<u>\$1,838,601,420</u>

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

## Chillicothe & Ross County Public Library

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**Tax Abatements** The following tax abatements for Ross County were in effect during 2023:

<u>Program</u>	<u>Recipient</u>	<u>% Abated</u>	<u>Conditions of Abatement</u>	<u>Value Abated</u>
Enterprise Zone	Cornucorp Real Estate LLC	40%	Must create 15 jobs w/in 3 yrs.	\$0
Enterprise Zone	BMMT Real Estate LLC	55%	Must retain 25 jobs w/in 3 yrs	\$0
Enterprise Zone	BMMT Real Estate LLC	55%	Must retain 186 employees	\$1,400,450
Enterprise Zone	BMMT Real Estate LLC	50%	Must create 10 jobs w/in 3 yrs.	\$1,260,350
Enterprise Zone	Georgia MH, LLC	50%	Must create 50 jobs w/in 3 yrs.	\$1,136,090
Enterprise Zone	LW Vitatoo Industries	50%	Must create 25 jobs w/in 3 yrs.	\$154,730
Enterprise Zone	Nier River Road Develop.	50%	Must create 25 jobs w/in 3 yrs.	\$994,350
Enterprise Zone	Kenworth Truck Co.	60%	Must create 100 jobs w/in 3 yrs.	\$4,683,210
CRA	Adena Health System	75%	Must create 92 jobs (72 temp) w/in 4 yrs.	\$403,770

### **Note 6 – Interfund Balances and Transfers**

**Transfers** During 2023, the following transfers were made:

<u>Transfers to</u>	<u>General</u>
Other Major	
Governmental Funds	\$1,486,024
(Capital Project Fund)	
Total All funds	<u>\$1,447,481</u>

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

### **Note 7 – Risk Management**

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

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

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, 2023.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2023.

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



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You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
The Ohio Plan	Building and Personal Property	\$12,642,610
The Ohio Plan	Business Income w/Extra Expense	500,000
The Ohio Plan	Legal Liability - Real Property	1,000,000
The Ohio Plan	Ordinance or Law Coverage	500,000
The Ohio Plan	Eqpt. Breakdown - Property Damage	17,440,963
The Ohio Plan	Computer Equipment	408,661
The Ohio Plan	Inland Marine	8,811
The Ohio Plan	Library Materials	4,742,353
The Ohio Plan	General Liability	4,000,000
The Ohio Plan	Employee Benefits Liability	4,000,000
The Ohio Plan	Employer's Liability	2,000,000
The Ohio Plan	Public Officials Errors & Omissions	4,000,000
The Ohio Plan	Employment Practices Liability	4,000,000
The Ohio Plan	Automobile Liability	2,000,000
RPS/Lloyds	Cyber Data Breach & Privacy Liability	1,000,000
Cincinnati Insurance Company	Fiscal Officer/Deputy Bonds	50,000 ea.

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

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

### **Note 8 – Defined Benefit Pension Plan**

**Plan Description – Ohio Public Employees Retirement System (OPERS)** 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this 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.

# Chillicothe & Ross County Public Library

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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):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 <hr/> <b>State and Local</b>	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 <hr/> <b>State and Local</b>	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013 <hr/> <b>State and Local</b>
<p><b>Age and Service Requirements:</b>                      Age 60 with 60 months of service credit                      or Age 55 with 25 years of service credit</p> <p><b>Traditional Plan Formula:</b>                      2.2% of FAS multiplied by years of                      service for the first 30 years and 2.5%                      for service years in excess of 30</p> <p><b>Combined Plan Formula:</b>                      1% of FAS multiplied by years of                      service for the first 30 years and 1.25%                      for service years in excess of 30</p>	<p><b>Age and Service Requirements:</b>                      Age 60 with 60 months of service credit                      or Age 55 with 25 years of service credit</p> <p><b>Traditional Plan Formula:</b>                      2.2% of FAS multiplied by years of                      service for the first 30 years and 2.5%                      for service years in excess of 30</p> <p><b>Combined Plan Formula:</b>                      1% of FAS multiplied by years of                      service for the first 30 years and 1.25%                      for service years in excess of 30</p>	<p><b>Age and Service Requirements:</b>                      Age 57 with 25 years of service credit                      or Age 62 with 5 years of service credit</p> <p><b>Traditional Plan Formula:</b>                      2.2% of FAS multiplied by years of                      service for the first 35 years and 2.5%                      for service years in excess of 35</p> <p><b>Combined Plan Formula:</b>                      1% of FAS multiplied by years of                      service for the first 35 years and 1.25%                      for service years in excess of 35</p>
<p style="text-align: center;"><b>Public Safety</b></p> <p><b>Age and Service Requirements:</b>                      Age 48 with 25 years of service credit                      or Age 52 with 15 years of service credit</p>	<p style="text-align: center;"><b>Public Safety</b></p> <p><b>Age and Service Requirements:</b>                      Age 48 with 25 years of service credit                      or Age 52 with 15 years of service credit</p>	<p style="text-align: center;"><b>Public Safety</b></p> <p><b>Age and Service Requirements:</b>                      Age 52 with 25 years of service credit                      or Age 56 with 15 years of service credit</p>
<p style="text-align: center;"><b>Law Enforcement</b></p> <p><b>Age and Service Requirements:</b>                      Age 52 with 15 years of service credit</p>	<p style="text-align: center;"><b>Law Enforcement</b></p> <p><b>Age and Service Requirements:</b>                      Age 48 with 25 years of service credit or                      Age 52 with 15 years of service credit</p>	<p style="text-align: center;"><b>Law Enforcement</b></p> <p><b>Age and Service Requirements:</b>                      Age 48 with 25 years of service credit or                      Age 56 with 15 years of service credit</p>
<p style="text-align: center;"><b>Public Safety and Law Enforcement</b></p> <p><b>Traditional Plan Formula:</b>                      2.5% of FAS multiplied by years of                      service for the first 25 years and 2.1%                      for service years in excess of 25</p>	<p style="text-align: center;"><b>Public Safety and Law Enforcement</b></p> <p><b>Traditional Plan Formula:</b>                      2.5% of FAS multiplied by years of                      service for the first 25 years and 2.1%                      for service years in excess of 25</p>	<p style="text-align: center;"><b>Public Safety and Law Enforcement</b></p> <p><b>Traditional Plan Formula:</b>                      2.5% of FAS multiplied by years of                      service for the first 25 years and 2.1%                      for service years in excess of 25s of</p>

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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.

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.

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

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	State and Local		Public Safety	Law Enforcement
	Traditional	Combined		
<b>2023 Statutory Maximum Contribution Rates</b>				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
<b>2023 Actual Contribution Rates</b>				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

- \* 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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

For 2023, the Library's contractually required contribution was \$295,065.

### **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 post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

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With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or

**Chillicothe & Ross County Public Library**

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*For the Year Ended December 31, 2023*

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payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

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 [h https://www.opers.org/financial/reports.shtml](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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the 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; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$295,065 for 2023.

**Note 10 – Leases**

The library leases buildings and equipment under non-cancelable leases. The Library disbursed \$18,439 to pay lease costs for the year ended December 31, 2023. Future lease payments are as follows:

Year	Amount
2024	\$ 17,407
2025	\$ 14,340
2026	\$ 14,340
	<u>\$ 46,087</u>

**Chillicothe & Ross County Public Library**

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*For the Year Ended December 31, 2023*

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable</b>				
Principal			20,500	20,500
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>20,500</u>	<u>20,500</u>
<b>Restricted for</b>				
Books & Pamphlets			1,052	1,052
Literacy Materials			3,374	3,374
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>4,426</u>	<u>4,426</u>
<b>Committed to</b>				
B&B Roofing Annex Dripedge	5,508			5,508
Globe Furniture – Annex Furniture		10,320		10,320
Johnson – Laux Constr. – Annex Reno		298,776		298,776
Library Design Assoc. – Shelving		50,260		50,260
M&M Fabrication – Table	1,945			1,945
Mark Porter Ford – Transit Van	61,045			61,045
<i>Total Committed</i>	<u>68,498</u>	<u>359,356</u>	<u>0</u>	<u>427,854</u>
<b>Assigned to</b>				
Capital Projects				
Future Appropriations	1,895,661	0	0	1,895,661
<i>Total Assigned</i>	<u>1,766,089</u>	<u>3,321,170</u>	<u>0</u>	<u>5,087,259</u>
<b>Unassigned (Deficit)</b>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u>\$ 1,834,587</u>	<u>\$ 3,680,526</u>	<u>\$24,926</u>	<u>\$5,540,039</u>

**Chillicothe & Ross County Public Library**

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*For the Year Ended December 31, 2023*

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**Note 12 – Capital Assets**

Capital asset activity for the year ended December 31, 2023, was as follows:

The Library completed significant site improvement projects at Main, Northside, and Kingston in 2023, which included hardscape, outdoor public use areas, and native landscaping.

The Library completed installation of two additional book locker sites with public wi-fi hotspots in Massieville and Adelphi late in the year, bringing total book locker sites to four system-wide.

The Library replaced the HVAC system at the Frankfort branch in 2023.

The Library began a significant interior renovation of the Annex in 2023 which is expected to be completed in early 2024.



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This discussion and analysis of the Chillicothe & Ross County Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2022, within the limitations of the library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2022 are as follows:

Net position of governmental activities increased \$550,848 or 11.9% during 2022.

The Library's general receipts are composed primarily of receipts from the Public Library Fund and levy proceeds from property taxes. These funds represent 56.5% and 38.6% respectively of the total cash received for governmental activities during the year. Public Library Fund receipts for 2022 were \$226,343 more than what was received in 2021. In 2022, the Ohio legislature voted to maintain the Public Library Fund at 1.7% of General Revenue Fund receipts through June, 2023, at which time it could revert to the statutorily required amount of 1.66% of General Revenue Fund.

In April, 2020, Ross County voters approved a 1.5 mill continuing levy which will ensure the financial stability of the library in the future. This resulted in proceeds of \$2,044,104 for 2022.

At the onset of the COVID-19 pandemic, the library was forced to close its doors and create way to provide materials, information and programming to patrons in new and innovative ways through both 2020 and 2021. We went through several phases of "re-opening" including drive- through only, inside service with reduced hours, curbside. In 2022, the library returned to pre- pandemic hours and programming. COVID-related American Rescue Plan Act funds received in 2021 were expended in 2022 when two new book locker sites were placed into service in Clarksburg and Zane Village. Both sites offer a place for patrons to pick up and drop off library materials in addition to serving as high-speed internet hotspots for the local communities, significantly expanding the library's reach in these previously underserved areas.

Overall library cardholders were down 609, or 3%, from prior year. However, total circulation increased by 61,106, or 25%, in 2022

The Library was under contract for the following construction projects at year-end 2022:

- Significant landscape projects at the Annex, Kingston, and Northside locations were underway and schedule for completion in early 2023
- In late 2022, the library began planning for a sizeable interior renovation of the Annex and is under contract for design services

In addition, several capital improvement projects were completed during the year:

- The library completed installation of two new book lockers and Wi-Fi hotspots with ARPA funds, as previously noted
- The library purchased and took possession of a new Farber Sprinter Van (aka "The Bee" Bookmobile), which has greatly expanded the library's Outreach services
- The library installed HVAC control systems in Richmond Dale and Frankfort, completing the transition to electronic HVAC controls at all library-owned locations
- The library replaced all the windows in the Annex building for improved efficiency
- The library installed a new roof coating and replaced two HVAC units at the Main library

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- The library replaced the exterior handrails at the Frankfort branch

In 2022, the Library continued its hotspot lending program that was funded via the Emergency Connectivity Fund initially in 2021. The project provides Ross County students who lack adequate internet connectivity free internet for the duration of the school year. This project has continued to gain popularity in 2022 and all 500 hotspots have been in circulation during the year.

The Library built a new website and rolled out new reservation and digital signage software in 2022, combining several disparate platforms under one streamlined, patron-forward umbrella.

In late 2022, the library also opened a temporary, seasonal warming station in the vacated north end of the Annex building. The warming station provides a warm, dry place for upwards of 50 individuals for several hours each day. While the financial investment in this project is quite small, the impact and community response have been overwhelmingly positive.

### **Using the Basic Financial Statements**

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

#### **Report Components**

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

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

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

#### **Basis of Accounting**

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

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

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**Reporting the Library as a Whole**

The statement of net position and the statement of activities reflect how the Library did financially during 2022, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

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

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

**Reporting the Library's Most Significant Funds**

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

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

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**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2022 compared to 2021 on a modified cash basis:

(Table 1)  
**Net Position**  
Governmental Activities

		2021		2022
<b>Assets</b>				
Cash and Cash Equivalents	\$	4,603,323	\$	5,154,171
Investments	\$	20,500	\$	20,500
<b>Total Assets</b>	<b>\$</b>	<b>4,623,823</b>	<b>\$</b>	<b>5,174,671</b>
<b>Net Assets</b>				
Restricted for:				
Capital Projects	\$	1,512,920	\$	2,996,167
Other Purposes	\$	81,780	\$	23,907
Unrestricted	\$	3,029,123	\$	2,154,597
<b>Total Net Assets</b>	<b>\$</b>	<b>4,623,823</b>	<b>\$</b>	<b>5,174,671</b>

As mentioned previously, net position of governmental activities increased \$550,848 or 11.9% during 2022.

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Table 2 reflects the changes in net position in 2022 as compared to 2021:

(Table 2)  
**Changes in Net Position**

	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2022</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	14,616	23,943
Operating Grants and Contributions	73,800	3,780
Total Program Receipts	<u>88,416</u>	<u>27,723</u>
General Receipts:		
Unrestricted Gifts	10,063	208
Grants/Entitlements not Restricted to Specific Programs	2,855,107	3,080,594
Property Taxes	2,016,496	2,044,104
Sale of Capital Assets	369	1,100
Interest	7,340	83,071
Miscellaneous	97,517	62,449
Total General Receipts	<u>4,986,892</u>	<u>5,271,526</u>
Total Receipts	<u>5,075,308</u>	<u>5,299,249</u>
Disbursements: Library Services	4,112,841	4,303,738
Capital Outlay	1,500,524	444,663
Total Disbursements	<u>5,613,365</u>	<u>4,748,401</u>
Increase (Decrease) in Net Position	(538,057)	550,848
Net Position, January 1, 2021/2022	5,161,880	4,623,823
Net Position, December 31, 2021/2022	<u>4,623,823</u>	<u>5,174,671</u>

Operating Grants and Contributions revenues decreased \$70,020, primarily due to the end of COVID- related ARPA funding. Library Services expenditures increased \$190,897. Capital Outlay expenditures decreased \$1,055,861 due to several projects ending in 2021. Grants/Entitlements not Restricted to Specific Programs increased by \$225,487 due to increase in Public Library Fund receipts in 2022

Program receipts represent only .53% of total receipts. Program receipts primarily include patron fines for damaged materials, charges for copies and prints, sale of supplies and restricted contributions for specific library programs such as our annual summer reading program.

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General receipts represent 98.5% of the Library’s total receipts, and of these general receipts, 57% are from the Public Library Fund and 40% are from levy proceeds. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**Governmental Activities**

On the Statement of Activities report, the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is Library Services, which accounts for 90.64% of all governmental disbursements while Capital Outlay accounts for 9.36% of all governmental disbursements. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3:

(Table 3)  
**Governmental Activities**

	Total Cost Of Services	Net Cost of Services
	2022	2022
Library Services	\$4,303,738	-\$4,276,015
Capital Outlay	\$444,663	-\$444,663
Total Expenses	\$4,748,401	-\$4,720,678

**The Library’s Funds**

Total library funds had receipts of \$5,298,149 and disbursements of \$4,748,401.

Total receipts were greater than disbursements by \$549,748. General Fund receipts were greater than disbursements by \$610,398.

**General Fund Budgeting Highlights**

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

During 2022, the Library made no changes to the original budgeted receipts.

Final disbursements were budgeted at \$6,301,463 while actual disbursements were \$4,944,964, a positive variance of \$1,356,499. The library kept spending below budgeted amounts as demonstrated by the reported variances.

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Management's Discussion and Analysis  
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**Capital Assets and Debt Administration**

Capital Assets

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

Debt

The Library has no outstanding debt.

**Current Issues**

With the passage of a 1.5 mill, continuing operating levy in April of 2020, the library has taken steps to secure its financial future during times of stagnant funding for the Public Library Fund. As discussed in the Highlights, the Public Library Fund is currently 1.7% of State General Revenues, but that will likely revert to the statutory 1.66% on July 1, 2023. Library supporters are encouraged to advocate for Ohio's public libraries with lawmakers.

**Contacting the Library's Financial Management**

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

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**Chillicothe & Ross County Public Library**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2022*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$5,154,171 20,500
<i>Total Assets</i>	<i>\$5,174,671</i>
 <b>Net Position</b>	
Restricted for:	
Capital Projects	\$2,996,167
Permanent Fund Purpose:	
Expendable	3,407
Nonexpendable	20,500
Unrestricted	2,154,597
<i>Total Net Position</i>	<i>\$5,174,671</i>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Activities - Modified Cash Basis*  
For the Year Ended December 31, 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	Total
<b>Governmental Activities</b>					
Current:					
Library Services:	\$4,303,738	\$23,943	\$3,780	(\$4,276,015)	(4,276,015)
Capital Outlay	444,663	0	0	(444,663)	(444,663)
<i>Total Governmental Activities</i>	<u>4,748,401</u>	<u>23,943</u>	<u>3,780</u>	<u>(4,720,678)</u>	<u>(4,720,678)</u>
		General Receipts:			
					2,044,104
					208
					3,080,594
					1,100
					83,071
					62,449
					<u>5,271,526</u>
					Change in Net Position 550,848
					<u>Net Position Beginning of Year 4,623,823</u>
					<u>Net Position End of Year \$5,174,671</u>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2022*

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash				
Equivalents	\$2,154,597	\$2,996,167	\$3,407	\$5,154,171
Investments	0	0	20,500	20,500
<i>Total Assets</i>	<u>\$2,154,597</u>	<u>\$2,996,167</u>	<u>\$23,907</u>	<u>\$5,174,671</u>
<b>Fund Balances</b>				
Nonspendable	\$0	\$0	\$20,500	\$20,500
Restricted	\$0	\$0	\$3,407	3,407
Committed	\$200,518	\$32,250	\$0	232,768
Assigned	1,954,079	2,963,917	0	4,917,996
<i>Total Fund Balances</i>	<u>\$2,154,597</u>	<u>\$2,996,167</u>	<u>\$23,907</u>	<u>\$5,174,671</u>

See accompanying notes to the basic financial statements

**Chillicothe & Ross County Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2022*

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$2,044,104	\$0	\$0	\$2,044,104
Public Library	2,993,862	0	0	2,993,862
Intergovernmental	86,732	0	0	86,732
Patron Fines and Fees	20,889	0	0	20,889
Contributions, Gifts and Donations	3,988	0	0	3,988
Earnings on Investments	81,347	0	1,724	83,071
Miscellaneous	65,503	0	0	65,503
<i>Total Receipts</i>	<u>5,296,425</u>	<u>0</u>	<u>1,724</u>	<u>5,298,149</u>
<b>Disbursements</b>				
Current:				
Library Services:	4,294,824	2,777	6,137	4,303,738
Capital Outlay	391,203	0	53,460	444,663
<i>Total Disbursements</i>	<u>4,686,027</u>	<u>2,777</u>	<u>59,597</u>	<u>4,748,401</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>610,398</u>	<u>(2,777)</u>	<u>(57,873)</u>	<u>549,748</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,100	0	0	1,100
Transfers In	0	1,486,024	0	1,486,024
Transfers Out	(1,486,024)	0	0	(1,486,024)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,484,924)</u>	<u>1,486,024</u>	<u>0</u>	<u>1,100</u>
<i>Net Change in Fund Balances</i>	<u>(874,526)</u>	<u>1,483,247</u>	<u>(57,873)</u>	<u>550,848</u>
<i>Fund Balances Beginning of Year</i>	<u>3,029,123</u>	<u>1,512,920</u>	<u>81,780</u>	<u>4,623,823</u>
<i>Fund Balances End of Year</i>	<u>\$2,154,597</u>	<u>\$2,996,167</u>	<u>\$23,907</u>	<u>\$5,174,671</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$2,032,682	\$2,032,682	\$2,044,104	\$11,422
Public Library	2,668,151	2,668,151	2,993,862	325,711
Intergovernmental	80,202	80,202	86,732	6,530
Patron Fines and Fees	9,500	9,500	20,889	11,389
Contributions, Gifts and Donations	4,000	4,000	3,988	(12)
Earnings on Investments	2,500	2,500	81,347	78,847
Miscellaneous	89,460	89,460	65,503	(23,957)
<i>Total Receipts</i>	4,886,495	4,886,495	5,296,425	409,930
<b>Disbursements</b>				
Current:				
Library Services:	5,592,714	5,737,666	4,492,191	1,245,475
Capital Outlay	566,297	563,797	452,773	111,024
<i>Total Disbursements</i>	6,159,011	6,301,463	4,944,964	1,356,499
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,272,516)	(1,414,968)	351,461	1,766,429
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	1,100	1,100
Transfers Out	(1,486,024)	(1,486,024)	(1,486,024)	0
Other Financing Uses	(228,000)	(85,548)	0	85,548
<i>Total Other Financing Sources (Uses)</i>	(1,714,024)	(1,571,572)	(1,484,924)	86,648
<i>Net Change in Fund Balance</i>	(2,986,540)	(2,986,540)	(1,133,463)	1,853,077
<i>Unencumbered Fund Balance Beginning of Year</i>				0
	2,713,922	2,713,922	2,713,922	
Prior Year Encumbrances Appropriated	315,201	315,201	315,201	0
<i>Unencumbered Fund Balance End of Year</i>	\$42,583	\$42,583	\$1,895,660	\$1,853,077

See accompanying notes to the basic financial statements

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# Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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## **Note 1 – Description of the Library and Reporting Entity**

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

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

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

**Related Organizations** The Friends of the Chillicothe and Ross County Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

## **Note 2 – Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Library's accounting policies.

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

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. The Library has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

# Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

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

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

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

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

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

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

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

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

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



## Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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**Budgetary Process** All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund – object group level for all funds. At this level, the Chief Fiscal Officer may transfer monies between appropriation accounts within the same object group and between programs using the same object group. Budgetary modifications across object groups or across funds 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 Chief 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, money market funds, brokered certificates of deposit, STAR Ohio, and Pennsylvania Power and Light Co. common stock. 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 *Kingston National Bank* on 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

## Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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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 \$81,347. Interest received in all other Library funds was \$1,724 for 2022.

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

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

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

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

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

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

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

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

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

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

**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

# Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

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

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

**Internal Activity** Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

### **Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Chillicothe & Ross County Public Library**

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

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

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

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	(\$874,526)
Encumbrances	<u>(258,937)</u>
Budget Basis	<u><u>(\$1,133,463)</u></u>

**Note 4 – Deposits and Investments**

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

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

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

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

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

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

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

## Chillicothe & Ross County Public Library

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

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

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

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

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

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

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

**Chillicothe & Ross County Public Library**

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*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

**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:

	Value	Maturity
STAR Ohio	\$4,683,710	N/A
Pennsylvania Power & Light Co. (common stock) (FMV 12/31/2022, 1,600 shares @ \$29.22 = \$46,752)	10,500	N/A
Kingston National Bank CD	10,000	3/1/2023
UBS / LPL Financial Brokered CD	235,000	11/22/2023
<b>Total Portfolio</b>	<b>\$4,939,210</b>	

	Measurement Amount	Less than 1	1-2	3-5	More than 5
STAR Ohio	4,683,710	4,683,710	0	0	0
Penn. Power & Light Co. (common stock)	\$10,500	\$10,500	0	0	0
Kingston National Bank CD	10,000	10,000	0	0	0
UBS / LPL Financial Brokered CD	235,000	235,000	0	0	0
<b>Total Investments</b>	<b>\$4,939,210</b>	<b>\$4,939,210</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

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

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

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

Investment Issuer	Percentage of Investments
STAR Ohio	94.83 %

# Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

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

**Property Taxes** Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 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 \$1.50 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	<u>\$1,829,593,580</u>
Total	<u>\$1,829,593,580</u>

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

**Tax Abatements** The following tax abatements for Ross County were in effect during 2022:

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

**Chillicothe & Ross County Public Library**

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 6 – Interfund Balances and Transfers**

*Transfers* During 2022, the following transfers were made:

	<u>Major Funds</u>
<u>Transfers to</u>	<u>General</u>
Other Major Governmental Funds (To Capital Project Fund)	\$1,486,024

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

**Note 7 – Risk Management**

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

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

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 to 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](http://www.ohioplan.org).

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



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*For the Year Ended December 31, 2022*

Company	Type of Coverage	Coverage
The Ohio Plan	Building and Personal Property	\$11,940,277
The Ohio Plan	Business Income w/Extra Expense	500,000
The Ohio Plan	Legal Liability - Real Property	1,000,000
The Ohio Plan	Ordinance or Law Coverage	500,000
The Ohio Plan	Eqpt. Breakdown - Property Damage	16,598,968
The Ohio Plan	Computer Equipment	389,201
The Ohio Plan	Inland Marine	8,811
The Ohio Plan	Library Materials	4,602,691
The Ohio Plan	General Liability	4,000,000
The Ohio Plan	Employee Benefits Liability	4,000,000
The Ohio Plan	Employer's Liability	2,000,000
The Ohio Plan	Public Officials Errors & Omissions	4,000,000
The Ohio Plan	Employment Practices Liability	4,000,000
The Ohio Plan	Automobile Liability	2,000,000
RPS/Lloyds	Data Breach & Privacy Liability	1,000,000
The Ohio Plan	Terrorism - Building & Personal Prop.	17,533,370
The Ohio Plan	Employee Blanket Bond	5,000
Cincinnati Insurance Company	Fiscal Officer/Deputy Bonds	50,000 ea.

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

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

### **Note 8 – Defined Benefit Pension Plan**

**Plan Description – Ohio Public Employees Retirement System (OPERS)** 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. Effective January 1, 2022, new members may no longer select the Combined Plan and current members may no longer make a plan change to this 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

# Chillicothe & Ross County Public Library

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

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):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 <hr/> <b>State and Local</b>	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 <hr/> <b>State and Local</b>	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013 <hr/> <b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit <b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 <b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit <b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 <b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit <b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 <b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25s of

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.

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

**Chillicothe & Ross County Public Library**

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

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.

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.

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

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

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

For 2022, the Library's contractually required contribution was \$272,636.

## Chillicothe & Ross County Public Library

Ross County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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### **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 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.

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

**Chillicothe & Ross County Public Library**

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

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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 \$272,636 for the year 2022.

**Note 10 – Leases**

The Library leases buildings and equipment under non-cancelable leases. The Library disbursed \$18,433 to pay lease costs for the year ended December 31, 2022. Future lease payments are as follows:

Year	Amount
2023	\$ 18,429
2024	\$ 17,407
2025	\$ 14,340
	<u>\$ 50,176</u>

**Chillicothe & Ross County Public Library**

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

**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:

Fund Balances	General Fund	Building Fund	Other Governmental Funds	Total
<b>Nonspendable</b>				
Principal	0	0	20,500	20,500
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>20,500</u>	<u>20,500</u>
<b>Restricted for</b>				
Books & Pamphlets	0	0	746	746
Literacy Materials	0	0	2,661	2,661
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>3,407</u>	<u>3,407</u>
<b>Committed to</b>				
Contractual Commitments:	0	0	3,407	3,407
Landscape Mgmt Group - Main/Annex Site Improv. Project	85,271	0	0	85,271
Rhoads Landscaping - Northside & Kingston Site Improvement Projects	37,242	0	0	37,242
Mark Porter Ford - 2023 Ford Transit Van	61,045	0	0	61,045
Johnson-Laux Construction- Annex Interior Renovations Arch./Eng.	0	32,250	0	32,250
Other Contractual Commitments	16,960	0	0	16,960
<i>Total Committed</i>	<u>200,518</u>	<u>32,250</u>	<u>0</u>	<u>232,768</u>
<b>Assigned to</b>				
Capital Projects	0	2,963,917	0	2,963,917
Future Appropriations	1,895,661	0	0	1,895,661
Encumbrances	58,418	0	0	58,418
<i>Total Assigned</i>	<u>1,954,079</u>	<u>2,963,917</u>	<u>0</u>	<u>4,917,996</u>
<b>Unassigned (Deficit)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u>\$2,154,597</u>	<u>\$2,996,167</u>	<u>\$23,907</u>	<u>\$5,174,671</u>

**Chillicothe & Ross County Public Library**

*Ross County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 12 – Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

The Library completed installation of two new book lockers and wi-fi hotspots in Clarksburg and Zane Village using American Rescue Plan Act funds that were received in 2021.

The Library purchased and took possession of a new Farber Sprinter Van, aka Bookmobile, which has greatly expanded the Library's Outreach Department services.

The Library installed HVAC control systems in Richmond Dale and Frankfort, completing the transition to electronic HVAC controls at all Library-owned locations. The Library replaced all windows in the Annex building. The Library installed a new roof coating at the Main library location as well as replacing two rooftop HVAC units at Main.

The Library replaced all exterior handrails at the Frankfort location.

The Library began significant landscape projects at the Main/Annex, Kingston, and Northside locations, which are estimated to be complete in 2023.

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

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

To the Board of Trustees:

We have audited, in accordance with 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 modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County, (the Library) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 11, 2024, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

### ***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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
September 11, 2024

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**December 31, 2023 and 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Material Weakness due to incorrect posting and reporting of various items.	Corrected	



# OHIO AUDITOR OF STATE KEITH FABER



**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY**

**ROSS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/26/2024**

65 East State 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](http://www.ohioauditor.gov)