



OHIO AUDITOR OF STATE
KEITH FABER



**GRAFTON-MIDVIEW PUBLIC LIBRARY
LORAIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Grafton-Midview Public Library
Lorain County
983 Main Street
Grafton, Ohio 44044

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Grafton-Midview Public Library, Lorain County, Ohio (the Library) which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2025, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 20, 2025

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Grafton-Midview Public Library
Lorain County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 633,724	\$ -	\$ -	\$ 633,724
Public Library	804,523	-	-	804,523
Intergovernmental	78,471	-	-	78,471
Patron Fines and Fees	26,113	-	-	26,113
Contributions, Gifts and Donations	22,265	-	-	22,265
Earnings on Investments	36,205	28,406	58,693	123,304
Miscellaneous	35,912	-	-	35,912
<i>Total Cash Receipts</i>	<u>1,637,213</u>	<u>28,406</u>	<u>58,693</u>	<u>1,724,312</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	535,376	-	-	535,376
Collection Development and Processing	376,231	-	6,011	382,242
Support Services:				
Facilities Operation and Maintenance	106,151	-	-	106,151
Information Services	57,472	-	-	57,472
Business Administration	491,250	-	-	491,250
Capital Outlay	29,443	-	-	29,443
<i>Total Cash Disbursements</i>	<u>1,595,923</u>	<u>-</u>	<u>6,011</u>	<u>1,601,934</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>41,290</u>	<u>28,406</u>	<u>52,682</u>	<u>122,378</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	500,000	-	500,000
Transfers Out	(500,000)	-	-	(500,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(458,710)</u>	<u>528,406</u>	<u>52,682</u>	<u>122,378</u>
<i>Fund Cash Balances, January 1</i>	<u>929,659</u>	<u>549,284</u>	<u>240,154</u>	<u>1,719,097</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 470,949</u>	<u>\$ 1,077,690</u>	<u>\$ 292,836</u>	<u>\$ 1,841,475</u>

See accompanying notes to the basic financial statements

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The Grafton-Midview Public Library (the "Library"), Lorain County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Midview Local School District Board of Education appoints a seven-member Board of Trustees to govern the Library. Appointments are for seven-year terms and members serve without compensation. The Library determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 10 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project fund:

Building Fund - This fund receives transfers from the general fund that are committed to the maintenance, repair, and construction of the Library.

Permanent Funds - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

Hendrix Endowment Fund - This fund accounts for the endowment received from the Hendrix estate. The donor indicated the principal could not be spent; however, the proceeds could be spent for the purchase of books, movies, and collectible art.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies – (Continued)

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

The Library values the investments of the Hendrix Account (made up of common stock, mutual funds and exchange traded funds) at fair value. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured 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.

Capital Assets

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

Accumulated Leave

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

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies – (Continued)

Leases and SBITAs

The Library is the lessee in various leases (as defined by GASB 87) related to equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

The Library has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software. Subscription disbursements are recognized when they are paid.

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,508,858	\$1,637,213	\$128,355
Capital Projects	0	528,406	528,406
Permanent	6,672	58,693	52,021
Total	<u>\$1,515,530</u>	<u>\$2,224,312</u>	<u>\$708,782</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,112,684	\$2,152,499	(\$39,815)
Capital Projects	15,000	0	15,000
Permanent	6,672	6,011	661
Total	<u>\$2,134,356</u>	<u>\$2,158,510</u>	<u>(\$24,154)</u>

Note 4 - Deposits and Investments

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2023
Demand deposits	\$201,239
STAR Ohio	1,348,061
Hendrix Endowment	292,175
Total investments	<u>1,640,236</u>
Total deposits and investments	<u>\$1,841,475</u>

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Library is not holding any amount of unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 - Deposits and Investments - (Continued)

Upon the death of Veta Genevieve Hendrix on September 7, 1995, Premier Bank and Trust (Trustee), distributed the trust corpus of \$200,000 as directed in the April 6, 1994 trust agreement of Veta Genevieve Hendrix to the Library. The gift was to be retained and only the income was to be used to purchase books, movies, and collectible art. A judgement was issued by the Lorain County Court of Common Pleas, Probate Division, declaring the Hendrix Fund was not subject to the Uniform Depository Act in Ohio Revised Code Chapter 135. The Uniform Management of Institutional Funds Act, Ohio Revised Code Chapter 1715, allows trust funds to be invested in private, corporate and public securities. The Library's Board of Trustees authorized Cambridge Investment Research, Inc. to establish a custodial account and direct the investment of the Hendrix funds. The following schedule accounts for the value of the fund at December 31, 2023:

Initial Deposit at 10/31/2000	Cost Basis Unit Price at 12/31/2023	Fair Value Unit Price at 12/31/2023
\$ 200,000	\$ 202,376	\$ 292,175

The Hendrix Endowment Fund accounts for the non-spendable principal of the trust. Earnings on investment receipts represent the change in fair value of investments between years.

Note 5 - Grants in Aid and Taxes

Grants in Aid

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

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 - Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2023.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to 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. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0.00% for members in the traditional pension plan and 2.00% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.00%; however, a portion of the health care rate was funded with reserves.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 - Fund Balances

Included in fund balance are amounts the Library cannot spend, including the unexpendable corpus of the permanent fund. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:			
Corpus	\$0	\$200,000	\$200,000
Outstanding Encumbrances	56,576	0	56,576
Total	<u>\$56,576</u>	<u>\$200,000</u>	<u>\$256,576</u>

The fund balance of the capital projects fund is restricted, committed or assigned. The fund balance of the permanent fund that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 - Public Entity Risk Pool

The Stark County Schools Council of Governments (Council) is a shared risk pool created pursuant to State statute for the purpose of administering health care and dental benefits. The Council is governed by an Assembly which consists of one representative from each participating entity. The Assembly elects officers for one year terms to serve on the Board of Directors. The Assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating entities, based on the established premiums for the insurance plans. Each entity reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. Financial information can be obtained from the Treasurer for the Stark County Educational Service Center, who serves as fiscal agent, at 6057 Strip Avenue NW, North Canton, Ohio 44720.

Grafton-Midview Public Library
Lorain County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 563,246	\$ -	\$ -	\$ 563,246
Public Library	807,874	-	-	807,874
Intergovernmental	73,628	-	-	73,628
Patron Fines and Fees	16,372	-	-	16,372
Contributions, Gifts and Donations	5,896	-	-	5,896
Earnings on Investments	11,491	8,567	(59,842)	(39,784)
Miscellaneous	2,833	-	-	2,833
<i>Total Cash Receipts</i>	<u>1,481,340</u>	<u>8,567</u>	<u>(59,842)</u>	<u>1,430,065</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	595,530	-	-	595,530
Collection Development and Processing	498,918	-	8,501	507,419
Support Services:				
Facilities Operation and Maintenance	71,104	-	-	71,104
Business Administration	200,243	-	-	200,243
Capital Outlay	-	1,015	-	1,015
<i>Total Cash Disbursements</i>	<u>1,365,795</u>	<u>1,015</u>	<u>8,501</u>	<u>1,375,311</u>
<i>Net Change in Fund Cash Balances</i>	115,545	7,552	(68,343)	54,754
<i>Fund Cash Balances, January 1</i>	<u>814,114</u>	<u>541,732</u>	<u>308,497</u>	<u>1,664,343</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 929,659</u>	<u>\$ 549,284</u>	<u>\$ 240,154</u>	<u>\$ 1,719,097</u>

See accompanying notes to the basic financial statements

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Grafton-Midview Public Library (the "Library"), Lorain County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Midview Local School District Board of Education appoints a seven-member Board of Trustees to govern the Library. Appointments are for seven-year terms and members serve without compensation. The Library determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 11 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project fund:

Building Fund - This fund receives transfers from the general fund that are committed to the maintenance, repair, and construction of the Library.

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Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies – (Continued)

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

The Library values the investments of the Hendrix Account (made up of common stock, mutual funds and exchange traded funds) at fair value. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured 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.

Capital Assets

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

Accumulated Leave

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

Leases

The Library is the lessee in various leases (as defined by GASB 87) related to equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies – (Continued)

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,467,243	\$1,481,340	\$14,097
Capital Projects	0	8,567	8,567
Permanent	6,000	(59,842)	(65,842)
Total	<u>\$1,473,243</u>	<u>\$1,430,065</u>	<u>(\$43,178)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,453,940	\$1,471,480	(\$17,540)
Capital Projects	40,750	1,015	39,735
Permanent	8,501	8,501	0
Total	<u>\$1,503,191</u>	<u>\$1,480,996</u>	<u>\$22,195</u>

Note 4 - Deposits and Investments

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2022
Demand deposits	\$273,979
STAR Ohio	1,204,964
Hendrix Endowment	240,154
Total investments	<u>1,445,118</u>
Total deposits and investments	<u>\$1,719,097</u>

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Library is not holding any amount of unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 - Deposits and Investments - (Continued)

Upon the death of Veta Genevieve Hendrix on September 7, 1995, Premier Bank and Trust (Trustee), distributed the trust corpus of \$200,000 as directed in the April 6, 1994 trust agreement of Veta Genevieve Hendrix to the Library. The gift was to be retained and only the income was to be used to purchase books, movies, and collectible art. A judgement was issued by the Lorain County Court of Common Pleas, Probate Division, declaring the Hendrix Fund was not subject to the Uniform Depository Act in Ohio Revised Code Chapter 135. The Uniform Management of Institutional Funds Act, Ohio Revised Code Chapter 1715, allows trust funds to be invested in private, corporate and public securities. The Library's Board of Trustees authorized Lorain National Bank to establish a custodial account and direct the investment of the Hendrix funds. The following schedule accounts for the value of the fund at December 31, 2022:

<u>Initial Deposit at 10/31/2000</u>	<u>Cost Basis Unit Price at 12/31/2022</u>	<u>Fair Value Unit Price at 12/31/2022</u>
\$ 200,000	\$ 206,619	\$ 240,154

The Hendrix Endowment Fund accounts for the non-spendable principal of the trust. Earnings on investment receipts represent the change in fair value of investments between years.

Note 5 - Grants in Aid and Taxes

Grants in Aid

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

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 - Postemployment Benefits

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

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

Grafton-Midview Public Library
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 - Fund Balances

Included in fund balance are amounts the Library cannot spend, including the unexpendable corpus of the permanent fund. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:			
Corpus	\$0	\$200,000	\$200,000
Outstanding Encumbrances	105,685	0	105,685
Total	<u>\$105,685</u>	<u>\$200,000</u>	<u>\$305,685</u>

The fund balance of the special revenue fund is either restricted or committed. The fund balance of the capital projects fund is restricted, committed or assigned. The fund balance of the permanent fund that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 - COVID-19

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

Note 11 - Public Entity Risk Pool

The Stark County Schools Council of Governments (Council) is a shared risk pool created pursuant to State statute for the purpose of administering health care and dental benefits. The Council is governed by an Assembly which consists of one representative from each participating entity. The Assembly elects officers for one year terms to serve on the Board of Directors. The Assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating entities, based on the established premiums for the insurance plans. Each entity reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. Financial information can be obtained from the Treasurer for the Stark County Educational Service Center, who serves as fiscal agent, at 6057 Strip Avenue NW, North Canton, Ohio 44720.



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**

Grafton-Midview Public Library
Lorain County
983 Main Street
Grafton, Ohio 44044

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Grafton-Midview Public Library, Lorain County, Ohio (the Library) and have issued our report thereon dated June 20, 2025, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

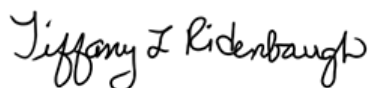
Library's Response to Finding

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 20, 2025

**GRAFTON-MIDVIEW PUBLIC LIBRARY
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDING NUMBER – 2023-001

Financial Reporting – Material Weakness

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

The following deficiencies were noted in the Library's financial statements, which were subsequently corrected in the final report and accounting records:

- In 2023, the Library excluded reporting a \$500,000 transfer from the General Fund to the Building Fund (a Capital Projects Fund) on the financial statements.
- In 2022, the Library incorrectly reported \$8,501 of Collection Development and Processing Cash Disbursements in the General Fund instead of the Permanent Fund related to the spending of Hendrix Endowment Fund proceeds.

These weaknesses occurred due to errors during the compilation process.

These weaknesses resulted in material adjustments to the financial statements. Further, these weaknesses could cause a loss of accountability over transactions, fund balances and/or could result in noncompliance with the Ohio Revised Code.

We recommend the controls be established to ensure the accuracy and reporting of the Library's financial statements and notes.

Official's Response: In order to prevent any future compilation errors, the Library has enhanced the yearend financial report filing procedures to include the following:

1. The compiler will be required to make the final reports available for review and approval ten (10) calendar days from filing deadline. This will enable management to perform a more comprehensive review of the documents prepared.
2. A checklist will be created identifying totals from the CMI December 31 reports to be verified against the compiled documents.

OHIO AUDITOR OF STATE KEITH FABER



GRAFTON-MIDVIEW PUBLIC LIBRARY

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/3/2025

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