



**REED MEMORIAL LIBRARY
PORTAGE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Reed Memorial Library
167 E. Main St.
Ravenna, OH 44266

We have reviewed the *Independent Auditor's Report* of the Reed Memorial Library, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 08, 2021

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REED MEMORIAL LIBRARY
PORTAGE COUNTY

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INDEPENDENT AUDITOR'S REPORT

October 8, 2021

Reed Memorial Library
Portage County
167 East Main Street
Ravenna, Ohio 44266

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type, as of and for the years ending December 31, 2020 and 2019, and related notes of **Reed Memorial Library**, Portage County, Ohio (the Library).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type, as of and for the years ending December 31, 2020 and 2019, and related notes of the Reed Memorial Library, Portage County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – Governmental Fund Types. In addition, as discussed in Note 13 and 11 to the financial statements for 2020 and 2019 respectively, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 860,403	\$ -	\$ -	\$ -	\$ 860,403
Public Library	984,172	-	-	-	984,172
Intergovernmental	118,065	28,000	-	-	146,065
Patron Fines and Fees	11,236	-	-	-	11,236
Contributions, Gifts and Donations	595	225	-	-	820
Earnings on Investments	17,126	5	-	12	17,143
Miscellaneous	14,410	-	-	-	14,410
<i>Total Cash Receipts</i>	<u>2,006,007</u>	<u>28,230</u>	<u>-</u>	<u>12</u>	<u>2,034,249</u>
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	731,909	-	-	-	731,909
Collection Development and Processing	339,447	-	-	-	339,447
Support Services:					
Facilities Operation and Maintenance	194,172	25,470	-	-	219,642
Information Services	45,041	-	-	-	45,041
Business Administration	555,555	-	-	-	555,555
Capital Outlay	5,152	-	9,041	-	14,193
<i>Total Cash Disbursements</i>	<u>1,871,276</u>	<u>25,470</u>	<u>9,041</u>	<u>-</u>	<u>1,905,787</u>
<i>Excess of Receipts Over Disbursements</i>	<u>134,731</u>	<u>2,760</u>	<u>(9,041)</u>	<u>12</u>	<u>128,462</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	145	-	-	-	145
<i>Total Other Financing Receipts (Disbursements)</i>	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145</u>
<i>Net Change in Fund Cash Balances</i>	134,876	2,760	(9,041)	12	128,607
<i>Fund Cash Balances, January 1</i>	<u>2,100,724</u>	<u>47,657</u>	<u>468,565</u>	<u>1,873</u>	<u>2,618,819</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,235,600</u>	<u>\$ 50,417</u>	<u>\$ 459,524</u>	<u>\$ 1,885</u>	<u>\$ 2,747,426</u>

The notes to the financial statements are an integral part of this statement.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Reed Memorial Library, Portage 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 Library is directed by a seven-member Board of Trustees appointed by the Ravenna City School Board. The Library provides the community with various educational and literary resources.

Jointly Governed Organizations

The Library is a member of the Portage County Consortium. Note 10 to the financial statements provide 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 is 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.

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

Children's Area Fund This fund is used to account for donations from the Dietrich family to be used for the library's Children Section.

Ruth C. Wolf Memorial Fund This fund is used to account for donations from the Wolf family to purchase education materials.

Brown Fund This fund is used to account for donations used to purchase library materials.

Coronavirus Relief Fund This fund is used to account for monies granted to the Library to be used to offset additional costs incurred due to the coronavirus pandemic.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 funds:

Building & Repair Fund This fund is used to account for expansion, maintenance, repair, or renovation of the Library's buildings.

Automation This fund is used to account for the purchase and improvement of equipment used in the automated circulation system maintained by 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:

Gilbert/Short Trust Fund This fund earns interest from the nonexpendable corpus from a trust agreement. These earnings are used for the general expenses of the Library.

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 (D). 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 (D) 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 2020 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 certificates of deposit at cost. 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.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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 11.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,963,224	\$ 2,006,152	\$ 42,928
Special Revenue	28,000	28,230	230
Permanent	-	12	12
Total	\$ 1,991,224	\$ 2,034,394	\$ 43,170

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,351,517	\$ 1,971,068	\$ 380,449
Special Revenue	31,500	25,500	6,000
Capital Projects	114,041	13,741	100,300
Total	\$ 2,497,058	\$ 2,010,309	\$ 486,749

Note 4 – Deposits and Investments

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

	2020
Cash Management Pool:	
Demand deposits	\$ 360,521
Other time deposits (savings and NOW accounts)	1,851
Total deposits	362,372
STAR Ohio	2,384,804
Total investments	2,384,804
Petty Cash and Cash Drawer	250
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$ 2,747,426

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, 2020, the Library is holding \$0 in unremitted employee payroll withholdings.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

Deposits

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

Investments

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

The Library also had \$250 in petty cash and copier monies on hand at December 31, 2020.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments' Grants In Aid. 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.

Public utilities are also taxed on personal and real property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

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

Note 6 – Risk Management

Workers' Compensation:

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

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management (Continued)

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

The Library also provide health insurance to full-time employees through a private carrier.

Settled claims have not exceeded this commercial coverage in any of the last five years. The Library has not reduced coverage from the prior year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2020.

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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Operating Lease

In 2003, the Library entered into a 30-year lease agreement with the City of Ravenna in accordance with Ohio Revised Code Section 721.22. The lease payments are for the Library property and renovation acquired with proceeds of \$5,350,000 Library Improvement Bonds issued by the City Ravenna maturing December 31, 2033. The lease payments are based upon the bond payment requirements and are supported by a voter approved tax levy.

In 2020, the City of Ravenna issued a Library Improvement Revenue Refunding Bonds Series 2020 in the amount of \$3,050,000 to pay off the outstanding debt and to reduce the amount of the lease payment.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Operating Lease (Continued)

Amortization

Amortization of the above lease, including interest, is scheduled as follows:

Year Ending December 31:	Library Improvement Lease
2021	\$ 251,020
2022	252,822
2023	249,546
2024	251,270
2025	252,916
2026-2030	1,262,008
2031-2033	763,322
Total	\$ 3,282,904

Note 10 – Jointly Governed Organizations

The Portage Library Consortium (PLC) authorized under Ohio Revised Code Section 3375.403 consists of the Portage County District Library, Reed Memorial Library, and Kent Free Library. The purpose of the consortium is to provide better services at reduced costs to each member through collective efforts and resource sharing. The PLC is governed by a Council comprised of two trustees from each member Library. Member Libraries are entitled to a single vote. Council controls the budget and all financial concerns. The three Libraries allocate 1.3% of State Library and Local Government Support Fund (LLGSF) for a total of 3.9% allocation of revenue. The Portage County District Library acts as the fiscal agent for the consortium.

Note 11 – Fund Balances

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

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Unclaimed Monies	\$ 64	\$ -	\$ -	\$ -	\$ 64
Corpus	-	-	-	1,500	1,500
Outstanding Encumbrances	99,792	30	4,700	-	104,522
Total	\$ 99,856	\$ 30	\$ 4,700	\$ 1,500	\$ 106,086

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balances (Continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds 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 12 – Changes in Accounting Principle

For 2020, the Library has made changes to their cash basis reporting model. The change is removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types.

There was no effect of this change on beginning cash balance in any fund.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Library received CARES Act funding. These amounts are reflected as business administration and capital outlay expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**REED MEMORIAL LIBRARY
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 842,641	\$ -	\$ -	\$ -	\$ 842,641
Public Library	986,012	-	-	-	986,012
Intergovernmental	140,240	-	-	-	140,240
Patron Fines and Fees	27,572	-	-	-	27,572
Contributions, Gifts and Donations	3,913	25	-	-	3,938
Earnings on Investments	52,629	-	-	37	52,666
Miscellaneous	6,747	-	-	-	6,747
<i>Total Cash Receipts</i>	<u>2,059,754</u>	<u>25</u>	<u>-</u>	<u>37</u>	<u>2,059,816</u>
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	710,120	-	-	-	710,120
Collection Development and Processing	389,736	306	-	-	390,042
Support Services:					
Facilities Operation and Maintenance	204,503	-	-	-	204,503
Information Services	59,064	-	-	-	59,064
Business Administration	553,902	-	-	-	553,902
Capital Outlay	18,191	-	29,284	-	47,475
<i>Total Cash Disbursements</i>	<u>1,935,516</u>	<u>306</u>	<u>29,284</u>	<u>-</u>	<u>1,965,106</u>
<i>Excess of Receipts Over Disbursements</i>	<u>124,238</u>	<u>(281)</u>	<u>(29,284)</u>	<u>37</u>	<u>94,710</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	446	-	-	-	446
<i>Total Other Financing Receipts (Disbursements)</i>	<u>446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446</u>
<i>Net Change in Fund Cash Balances</i>	124,684	(281)	(29,284)	37	95,156
<i>Fund Cash Balances, January 1</i>	<u>1,976,040</u>	<u>47,938</u>	<u>497,849</u>	<u>1,836</u>	<u>2,523,663</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	1,500	1,500
Restricted	-	47,657	-	373	48,030
Assigned	408,038	-	468,565	-	876,603
Unassigned	1,692,686	-	-	-	1,692,686
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,100,724</u>	<u>\$ 47,657</u>	<u>\$ 468,565</u>	<u>\$ 1,873</u>	<u>\$ 2,618,819</u>

The notes to the financial statements are an integral part of this statement.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Reed Memorial Library (the Library), Portage 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 Library is directed by a seven-member Board of Trustees appointed by the Ravenna City School Board. The Library provides the community with various educational and literary resources.

Jointly Governed Organizations

The Library is a member of the Portage County Consortium. Note 10 to the financial statements provide 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 is 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.

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

Children's Area Fund This fund is used to account for donations from the Dietrich family to be used for the Library's Children Section.

Ruth C. Wolf Memorial Fund This fund is used to account for donations from the Wolf family to purchase education materials.

Brown Fund This fund is used to account for donations used to purchase library materials.

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 funds:

Building & Repair Fund This fund is used to account for expansion, maintenance, repair, or renovation of the Library's buildings.

Automation This fund is used to account for the purchase and improvement of equipment used in the automated circulation system maintained by the Library.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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:

Gilbert/Short Trust Fund This fund earns interest from the nonexpendable corpus from a trust agreement. These earnings are used for the general expenses of the Library.

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 (D). 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 (D) 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 2019 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 certificates of deposit at cost. 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.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,040,513	\$ 2,060,200	\$ 19,687
Special Revenue	-	25	25
Permanent	-	37	37
Total	\$ 2,040,513	\$ 2,060,262	\$ 19,749

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,291,025	\$ 1,995,437	\$ 295,588
Special Revenue	3,700	306	3,394
Capital Projects	127,676	38,324	89,352
Total	\$ 2,422,401	\$ 2,034,067	\$ 388,334

Note 4 – Deposits and Investments

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

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$ 99,057
Other time deposits (savings and NOW accounts)	51,841
Total deposits	150,898
STAR Ohio	2,467,671
Total investments	2,467,671
Petty Cash and Cash Drawer	250
<i>Total deposits and investments</i>	\$ 2,618,819

Deposits

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

Investments

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

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments' Grants In Aid. 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.

Note 6 – Risk Management

Workers' Compensation:

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

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

The Library also provide health insurance to full-time employees through a private carrier.

Settled claims have not exceeded this commercial coverage in any of the last five years. The Library has not reduced coverage from the prior year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Operating Lease

In 2003, the Library entered into a 30-year lease agreement with the City of Ravenna in accordance with Ohio Revised Code Section 721.22. The lease payments are for the Library property and renovation acquired with proceeds of \$5,350,000 Library Improvement Bonds issued by the City of Ravenna maturing December 31, 2033. The lease payments are based upon the bond payment requirements and are supported by a voter approved tax levy.

Amortization

Amortization of the above lease, including interest, is scheduled as follows:

Year Ending December 31:	Library Improvement Bond
2020	\$ 281,244
2021	282,644
2022	283,481
2023	278,969
2024	279,219
2025-2029	1,411,106
2030-2033	1,129,801
	<u>\$ 3,946,464</u>

Note 10 – Jointly Governed Organizations

The Portage Library Consortium (PLC) authorized under Ohio Revised Code Section 3375.403 consists of the Portage County District Library, Reed Memorial Library, and Kent Free Library. The purpose of the consortium is to provide better services at reduced costs to each member through collective efforts and resource sharing. The PLC is governed by a Council comprised of two trustees from each member Library. Member Libraries are entitled to a single vote. Council controls the budget and all financial concerns. The three Libraries allocate 1.3% of State Library and Local Government Support Fund (LLGSF) for a total of 3.9% allocation of revenue. The Portage County District Library acts as the fiscal agent for the consortium.

Reed Memorial Library
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

October 8, 2021

Reed Memorial Library
Portage County
167 East Main Street
Ravenna, Ohio 44266

To the Library Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **Reed Memorial Library**, Portage County (the Library) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated October 8, 2021, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Library adopted new accounting guidance in Governmental Accounting Standards (GASB) Statement No. 84, Fiduciary Activities and removed the fund balance classifications for governmental funds. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) as basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



REED MEMORIAL LIBRARY

PORTAGE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/21/2021

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov