

PENINSULA LIBRARY AND HISTORICAL SOCIETY

SUMMIT COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2021





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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Peninsula Library and Historical Society
6105 Riverview Road
Peninsula, Ohio 44264

We have reviewed the *Independent Auditor's Report* of the Peninsula Library and Historical Society, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Peninsula Library and Historical Society is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 24, 2022

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**PENINSULA LIBRARY AND HISTORICAL SOCIETY
SUMMIT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Peninsula Library and Historical Society
Summit County
6105 Riverview Road
Peninsula, Ohio 44264

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Peninsula Library and Historical Society, Summit County, Ohio (the "PLHS"), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PLHS, as of December 31, 2021, and 2020, and the respective changes in cash financial position for the year then ended in accordance with the accounting basis described in Note 2.

Basis for Opinion

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 PLHS, 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 opinion.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the PLHS. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PLHS's ability to continue as a going concern one year after the date that the financial statements are issued.

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 opinion. 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 PLHS'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 PLHS'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 24, 2022, on our consideration of the PLHS'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 PLHS'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 PLHS's internal control over financial reporting and compliance



Charles E. Harris & Associates, Inc.
June 24, 2022

Peninsula Library and Historical Society, Summit County

Statements of Financial Position - Cash Basis

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	<u>\$ 364,959</u>	<u>\$ 351,350</u>
<i>Total Assets</i>	<u><u>\$ 364,959</u></u>	<u><u>\$ 351,350</u></u>
Net Assets		
Without Donor Restrictions	<u>\$ 364,959</u>	<u>\$ 348,352</u>
With Donor Restrictions--Federal Grants-In-Aid (CARES Act)	<u>\$ -</u>	<u>\$ 2,998</u>
<i>Total Net Assets</i>	<u><u>\$ 364,959</u></u>	<u><u>\$ 351,350</u></u>

See accompanying notes to the basic financial statements

Peninsula Library and Historical Society, Summit County
Statement of Activities and Changes in Net Assets - Cash Basis
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and Revenue		
Without Donor Restrictions		
Public Library Fund	\$ 384,437	\$ 338,174
Property and Other Local Taxes	122,121	116,566
Intergovernmental	11,198	11,165
Patron Fines and Fees	870	1,090
Interest and Investment Income	76	1,125
Miscellaneous	368	3,481
Sub-total	<u>519,070</u>	<u>471,601</u>
With Donor Restrictions		
Federal Grants-In-Aid (CARES Act)	0	53,000
<i>Total Support and Revenue</i>	<u>519,070</u>	<u>524,601</u>
Expenses:		
Program Expenses		
Salaries	258,330	234,993
Employee Benefits	54,885	50,108
Purchased and Contractual Services	105,761	71,394
Library Materials and Information	36,791	32,501
Supplies	2,807	3,944
Rents and Leases	18,741	16,328
Utilities and Others	28,146	30,246
<i>Total Expenses</i>	<u>505,461</u>	<u>439,514</u>
<i>Change in Net Assets</i>	13,609	85,087
<i>Net Assets, Beginning of Year</i>	<u>351,350</u>	<u>266,263</u>
<i>Net Assets, End of Year</i>	<u>\$ 364,959</u>	<u>\$ 351,350</u>

See accompanying notes to the basic financial statements

Peninsula Library and Historical Society, Summit County

Statement of Cash Flows - Cash Basis

For The Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase/(Decrease) in Net Assets and Cash and Cash Equivalents	\$ 13,609	85,087
Cash and Cash Equivalents as of Beginning of Year	<u>351,350</u>	<u>266,263</u>
Cash and Cash Equivalents as of End of Year	<u>\$ 364,959</u>	<u>\$ 351,350</u>

See accompanying notes to the basic financial statements

Note 1 – Description of the Library and Reporting Entity

The Peninsula Library and Historical Society (PLHS) opened in 1943 and was organized as an association library in 1946 under the laws of the State of Ohio. The PLHS has its own Board of Trustees of nine members who are recommended by the board's Nominating Committee. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, the PLHS is a corporation capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The PLHS also determines and operates under its own budget. The PLHS was organized under section 1713.28 of the Ohio Revised Code and is governed by the PLHS Code of Regulations. The administration of the day-to-day operations of the PLHS is the responsibility of the Director and financial accountability is the responsibility of the Fiscal Officer and the Deputy Fiscal Officer.

The PLHS is independent of any other library hierarchy, but has been a member of Clevnet since 2002. As an association library, PLHS has no independent taxing authority. State law would allow the designation of a taxing authority, but the PLHS service area is spread out over three communities (Boston Heights, Boston Township and Peninsula) and four school districts (Hudson, Revere, Nardon Hills and Woodridge). In 1984, the boards of both the PLHS and the Akron-Summit County Public Library (ASCPL) reached an agreement whereby ASCPL returns to PLHS the levy proceeds collected in our agreed upon service area.

The Friends of the Peninsula Library, Inc. is a not-for-profit organization with a self-appointing board. The PLHS is not financially accountable for the organization, nor does the PLHS approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the PLHS.

The Peninsula Library Foundation, Inc. is a not-for-profit organization with a self-appointing board. The PLHS is not financially accountable for the organization, nor does the PLHS approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the PLHS.

The Bordner-Peninsula Library Fund is a not-for-profit organization with a self-appointing board. The PLHS is not financially accountable for the organization, nor does the PLHS approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the PLHS.

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

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The PLHS' financial statements are prepared using the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred.

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

Note 2 - Summary of Significant Accounting Policies (continued)

The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

B. Cash and Cash Equivalents

Cash received by the PLHS is deposited in an interest-bearing checking account. Individual fund integrity is maintained through the PLHS' records. The PLHS' financial institution has completed a depository agreement with assets pledged as collateral. As an association library, PLHS is prohibited from participation in STAR Ohio.

At December 31, 2021, the carrying amount of PLHS' deposits was \$364,959 including undeposited cash-on-hand of \$200. The total bank balance was \$399,023, of which \$100,000 was invested in a certificate of deposit with Huntington Bank. The checking account and the certificate of deposit are insured by the Federal Deposit of Insurance Corporation (FDIC), up to \$250,000, while \$74,511 was covered by the Ohio Pooled Collateral System (OPCS) and \$74,512 was uninsured and uncollateralized. PLHS' financial institution participates in the OPCS and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

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

C. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Net Assets

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14 Not for Profit Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PLHS has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Under FASB issued ASU 2016-14 Not for Profit Entities (Topic 958), PLHS is required to report information regarding its financial position and activities according to two classes of net asset. A description of the two net asset categories follows:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the association. These net assets may be used at the discretion of PLHS management and board of directors.
- **Net assets with donor restrictions.** Net assets subject to stipulations imposed by donors and grantors. There was \$2,998 in Net Assets with Donor Restrictions at December 31, 2020 in the form of Restricted Federal Grants-in-Aid from the CARES Act. There were no net assets with donor restrictions at December 31, 2021.

Note 3 – Availability and Liquidity

The following represents PLHS’ financial assets at December 31, 2020 and 2019:

Financial assets at year-end:	2021	2020
Cash and cash equivalents	\$364,960	\$351,350
Financial assets available to meet general expenses over the next 12 months	\$364,960	\$348,352
Financial assets available to meet COVID-19 expenses over the next 12 months	-0-	\$2,998
Total financial assets available over the next 12 months	\$364,960	\$351,350

Note 4 - Property Taxes

The State Library of Ohio defines the service areas of public libraries in terms of school districts. In Summit County, the libraries have reached a mutual understanding as to the definition of the PLHS “service area” to be Boston Heights, Boston Township, and Peninsula. This “service area” covers parts of four school districts, three of which have been assigned to ASCPL by the State Library (Woodridge, Nordonia Hills and Revere) and one which has not been (Hudson). While the Woodridge, Nordonia Hills and Revere areas of the PLHS “service area” pay taxes levied by ASCPL, the Hudson areas of the PLHS “service area” do not. PLHS and ASCPL reached an agreement in 1984 whereby ASCPL would return to PLHS any tax revenues generated in the areas subject to ASCPL taxation that also fall within the PLHS “service area.” Those taxing districts which fall into this joint agreement between ASCPL and PLHS are Summit County taxing districts 6, 8, 11, 12, 14, and 44.

The County Fiscal Officer collects property tax on behalf of all taxing districts within the county, including those paying the ASCPL levy. The County Fiscal Officer periodically remits to ASCPL its portion of the taxes collected. Twice a year, ASCPL forwards to PLHS the levy proceeds collected in the mutually agreed upon “service area” subject to the ASCPL levy.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021 and 2020

Note 5 – Public Library Fund

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted in January 2008 by the State of Ohio, replacing the Library and Local Government Support Fund (LLGSF). The PLF was initially funded by 2.22% of all state tax income, which was distributed to each county monthly through the same equalization formula as the LLGSF.

In 2019, the legislature set the PLF to 1.7% of the state’s GRF for the FY 20-21 biennium. In 2021, the PLF funding level of 1.7% was continued through the FY 22-23 biennium. The Summit County Budget Commission allocates these funds to the PLHS based on a formula developed by the Library Trustees Council of Summit County. Factors included in the formula are population of a library’s service area, size of a library, number of library branches, circulation and per capital income.

Note 6 - Risk Management

The PLHS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021 and 2020, the PLHS contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Nationwide Insurance	Commercial Property	\$ 1,321,600
Nationwide Insurance	General Liability	1,000,000
Nationwide Insurance	Commercial Crime	5,000
Nationwide Insurance	Inland Marine	90,000
Nationwide Insurance	Vehicle	1,000,000
Utica National	Errors and Omissions	2,000,000
Ohio Farmers Insurance	Library Officials	8,000
Ohio Farmers Insurance	Fidelity and Deposit	2,200

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

The PLHS 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. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021 and 2020

Note 7 – Defined Benefit Pension Plans (continued)

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021 and 2020

Note 7 – Defined Benefit Pension Plans (continued)

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

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

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

2021 Statutory Maximum Contribution Rates	<u>State and Local</u>
Employer	14.0%
Employee	10.0%
 2021 Actual Contribution Rates	
Employer	14.0%
Pension	
Post-employment Health Care Benefits	0.0%
	14.0%
Total Employer	14.0%
	10.0%
Employee	10.0%

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

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021 and 2020

Note 7 – Defined Benefit Pension Plans (continued)

The PLHS' required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2021, 2020, and 2019 were \$35,116, \$31,818, and \$31,089, respectively. The full amount has been contributed for each year. There were no contributions to the member-directed plan for 2021 and 2020.

Note 8 - Defined Benefit OPEB Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, State and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021 and 2020

Note 8 - Defined Benefit OPEB Plans (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The PLHS had no contractually required contribution 2021.

Note 9 – Leases

The Library leases two rooms for its museum and leases the copier/scanner/printer in the Library. The Library disbursed \$20,845 to pay lease costs for the year ended December 31, 2021. Future committed lease payments are as follows (amounts are rounded):

<u>Year</u>	<u>Amount</u>
2022	\$20,012
2023	18,960
Total	<u>\$38,972</u>

Note 10 – Contingent Liabilities

The PLHS has no known contingent liabilities.

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

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

Peninsula Library and Historical Society
Summit County
6105 Riverview Road
Peninsula, Ohio 44264

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis financial statements of the Peninsula Library and Historical Society, Summit County, (PLHS) as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the PLHS's basic financial statements and have issued our report thereon dated June 24, 2022, wherein we noted the PLHS uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the PLHS.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PLHS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PLHS's internal control. Accordingly, we do not express an opinion on the effectiveness of the PLHS'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 PLHS's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PLHS'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 PLHS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 24, 2022

INDEPENDENT AUDITOR'S REPORT

Peninsula Library and Historical Society
Summit County
6105 Riverview Road
Peninsula, Ohio 44264

To the Board of Trustees:

Report on the Financial Statements

We have audited the financial statements of the Peninsula Library and Historical Society, Summit County, Ohio (the "PLHS"), (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 PLHS'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 PLHS'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the PLHS, as of December 31, 2020 and 2019 and the changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the PLHS. 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 June 24, 2022, on our consideration of the PLHS'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. While we did not opine on the internal control over financial reporting or on compliance, 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 PLHS's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 24, 2022

Peninsula Library and Historical Society, Summit County

Statements of Financial Position - Cash Basis

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents	\$ 351,350	\$ 266,263
<i>Total Assets</i>	<u>\$ 351,350</u>	<u>\$ 266,263</u>
Net Assets		
Without Donor Restrictions	\$ 348,352	\$ 266,263
With Donor Restrictions--Federal Grants-In-Aid (CARES Act)	<u>\$ 2,998</u>	
<i>Total Net Assets</i>	<u>\$ 351,350</u>	<u>\$ 266,263</u>

See accompanying notes to the basic financial statements

Peninsula Library and Historical Society, Summit County
Statement of Activities and Changes in Net Assets - Cash Basis
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Support and Revenue		
Without Donor Restrictions		
Public Library Fund	\$ 338,174	\$ 345,674
Property and Other Local Taxes	116,566	116,278
Intergovernmental	11,165	11,497
Patron Fines and Fees	1,090	2,794
Interest and Investment Income	1,125	1,561
Miscellaneous	3,481	1,360
Sub-total	<u>471,601</u>	<u>479,164</u>
With Donor Restrictions		
Federal Grants-In-Aid (CARES Act)	53,000	
<i>Total Support and Revenue</i>	<u>524,601</u>	<u>479,164</u>
Expenses:		
Program Expenses		
Salaries	234,993	229,540
Employee Benefits	50,108	47,001
Purchased and Contractual Services	71,394	55,243
Library Materials and Information	32,501	39,036
Supplies	3,944	3,404
Rents and Leases	16,328	16,328
Utilities and Others	30,246	31,812
<i>Total Expenses</i>	<u>439,514</u>	<u>422,364</u>
<i>Change in Net Assets</i>	85,087	56,800
<i>Net Assets, Beginning of Year</i>	<u>266,263</u>	<u>209,463</u>
<i>Net Assets, End of Year</i>	<u>\$ 351,350</u>	<u>\$ 266,263</u>

See accompanying notes to the basic financial statements

Peninsula Library and Historical Society, Summit County

Statement of Cash Flows - Cash Basis

For The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase/(Decrease) in Net Assets and Cash and Cash Equivalents	\$ 85,087	56,800
Cash and Cash Equivalents as of Beginning of Year	<u>266,263</u>	<u>209,463</u>
Cash and Cash Equivalents as of End of Year	<u>\$ 351,350</u>	<u>\$ 266,263</u>

See accompanying notes to the basic financial statements

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 1 – Description of the Library and Reporting Entity

The Peninsula Library and Historical Society (PLHS) opened in 1943 and was organized as an association library in 1946 under the laws of the State of Ohio. The PLHS has its own Board of Trustees of nine members who are appointed by the board's Nominating Committee. Appointments are for three-year terms and members serve without compensation. Under Ohio statutes, the PLHS is a corporation capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The PLHS also determines and operates under its own budget. The PLHS was organized under section 1713.28 of the Ohio Revised Code and is governed by the PLHS Code of Regulations. The administration of the day-to-day operations of the PLHS is the responsibility of the Director and financial accountability is the responsibility of the Fiscal Officer and the Deputy Fiscal Officer.

The PLHS is independent of any other library hierarchy, but has been a member of Clevnet since 2002. As an association library, PLHS has no independent taxing authority. State law would allow the designation of a taxing authority, but the PLHS service area is spread out over three communities (Boston Heights, Boston Township and Peninsula) and four school districts (Hudson, Revere, Nardon Hills and Woodridge). In 1984, the boards of both the PLHS and the Akron-Summit County Public Library (ASCPL) reached an agreement whereby ASCPL returns to PLHS the levy proceeds collected in our agreed upon service area.

The Friends of the Peninsula Library, Inc. is a not-for-profit organization with a self-appointed board. The PLHS is not financially accountable for the organization, nor does the PLHS approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the PLHS.

The Peninsula Library Foundation, Inc. is a not-for-profit organization with a self-appointed board. The PLHS is not financially accountable for the organization, nor does the PLHS approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the PLHS.

The Bordner-Peninsula Library Fund is a not-for-profit organization with a self-appointed board. The PLHS is not financially accountable for the organization, nor does the PLHS approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the PLHS.

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

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The PLHS' financial statements are prepared using the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred.

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

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (continued)

The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

B. Cash and Cash Equivalents

Cash received by the PLHS is deposited in an interest-bearing checking account. Individual fund integrity is maintained through the PLHS' records. The PLHS' financial institution has completed a depository agreement with assets pledged as collateral. As an association library, PLHS is prohibited from participation in STAR Ohio.

At December 31, 2020, the carrying amount of PLHS' deposits was \$351,350 including undeposited cash-on-hand of \$200. The total bank balance was \$363,040, of which \$100,000 was invested in a certificate of deposit with Huntington Bank. The checking account and the certificate of deposit are insured by the Federal Deposit of Insurance Corporation (FDIC), up to \$250,000, while \$56,520 was covered by the Ohio Pooled Collateral System (OPCS) and \$56,520 was uninsured and uncollateralized. PLHS' financial institution participates in the OPCS and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

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

C. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Net Assets

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14 Not for Profit Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PLHS has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Under FASB issued ASU 2016-14 Not for Profit Entities (Topic 958), PLHS is required to report information regarding its financial position and activities according to two classes of net asset. A description of the two net asset categories follows:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the association. These net assets may be used at the discretion of PLHS management and board of directors.
- **Net assets with donor restrictions.** Net assets subject to stipulations imposed by donors and grantors. There were no net assets with donor restrictions at December 31, 2019. There was \$2,998 in Net Assets with Donor Restrictions at December 31, 2020 in the form of Restricted Federal Grants-in-Aid from the CARES Act.

Note 3 – Availability and Liquidity

The following represents PLHS’ financial assets at December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$351,350	\$266,263
Financial assets available to meet general expenses over the next 12 months	\$348,352	\$266,263
Financial assets available to meet COVID-19 expenses over the next 12 months	\$2,998	\$0
Total financial assets available over the next 12 months	\$351,350	\$266,263

Note 4 - Property Taxes

The State Library of Ohio defines the service areas of public libraries in terms of school districts. In Summit County, the libraries have reached a mutual understanding as to the definition of the PLHS “service area” to be Boston Heights, Boston Township, and Peninsula. This “service area” covers parts of four school districts, three of which have been assigned to ASCPL by the State Library (Woodridge, Nordonia Hills and Revere) and one which has not been (Hudson). While the Woodridge, Nordonia Hills and Revere areas of the PLHS “service area” pay taxes levied by ASCPL, the Hudson areas of the PLHS “service area” do not. PLHS and ASCPL reached an agreement in 1984 whereby ASCPL would return to PLHS any tax revenues generated in the areas subject to ASCPL taxation that also fall within the PLHS “service area.” Those taxing districts which fall into this joint agreement between ASCPL and PLHS are Summit County taxing districts 6, 8, 11, 12, 14, and 44.

The County Fiscal Officer collects property tax on behalf of all taxing districts within the county, including those paying the ASCPL levy. The County Fiscal Officer periodically remits to ASCPL its portion of the taxes collected. Twice a year, ASCPL forwards to PLHS the levy proceeds collected in the mutually agreed upon “service area” subject to the ASCPL levy.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 5 – Public Library Fund

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted in January 2008 by the State of Ohio, replacing the Library and Local Government Support Fund (LLGSF). The PLF was initially funded by 2.22% of all state tax income, which was distributed to each county monthly through the same equalization formula as the LLGSF.

In 2017, the legislature set the PLF at 1.68% of the state’s General Revenue Fund (GRF) for the fiscal year 18-19 biennium. In 2019, the legislature set the PLF to 1.7% of the state’s GRF for the FY 20-21 biennium. The Summit County Budget Commission allocates these funds to the PLHS based on a formula developed by the Library Trustees Council of Summit County. Factors included in the formula are population of a library’s service area, size of a library, number of library branches, circulation and per capital income.

Note 6 - Risk Management

The PLHS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020 and 2019, the PLHS contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Nationwide Insurance	Commercial Property	\$ 957,000
Nationwide Insurance	General Liability	1,000,000
Nationwide Insurance	Commercial Crime	5,000
Nationwide Insurance	Inland Marine	90,000
Nationwide Insurance	Vehicle	1,000,000
Utica National	Errors and Omissions	2,000,000
Ohio Farmers Insurance	Library Officials	8,000
Ohio Farmers Insurance	Fidelity and Deposit	2,200

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

The PLHS 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. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 7 – Defined Benefit Pension Plans (continued)

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 7 – Defined Benefit Pension Plans (continued)

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

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

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

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2020 Actual Contribution Rates	
Employer	14.0%
Pension	
Post-employment Health Care Benefits	<u>0.0%</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

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

The PLHS’ required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2020, 2019 and 2018 were \$31,818, \$31,089 and \$33,098, respectively. The full amount has been contributed for each year. There were no contributions to the member-directed plan for 2020 and 2019.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 8 - Defined Benefit OPEB Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Peninsula Library & Historical Society
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020 and 2019

Note 8 - Defined Benefit OPEB Plans (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The PLHS had no contractually required contribution 2020.

Note 9 – Leases

The Library leases two rooms for its museum and leases the copier/scanner/printer in the Library. The Library disbursed \$18,296 to pay lease costs for the year ended December 31, 2020. Future committed lease payments are as follows (amounts are rounded):

<u>Year</u>	<u>Amount</u>
2021	\$18,296
2022	17,312
2023	16,328
Total	<u>\$51,936</u>

Note 10 – Contingent Liabilities

The PLHS has no known contingent liabilities.

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

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

Peninsula Library and Historical Society
Summit County
6105 Riverview Road
Peninsula, Ohio 44264

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis financial statements of the Peninsula Library and Historical Society, Summit County, (PLHS) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the PLHS's basic financial statements and have issued our report thereon dated June 24, 2022, wherein we noted the PLHS uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the PLHS.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the PLHS's internal control over financial reporting (internal control) to determine the 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 PLHS'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 PLHS'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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of reasonably assuring whether the PLHS'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 determination of financial statement amounts. 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 that 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 PLHS's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the PLHS's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

June 24, 2022

**PENINSULA LIBRARY AND HISTORICAL SOCIETY
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management
DECEMBER 31, 2021**

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITONAL INFORMATION
2019 - 001	Material Weakness- non-implementation of FASB issued ASU 2016-14 Not for Profit Entities (Topic 958)	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



PENINSULA LIBRARY AND HISTORICAL SOCIETY

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/6/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov