



OHIO AUDITOR OF STATE
KEITH FABER



**EAST PALESTINE MEMORIAL PUBLIC LIBRARY
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2022	5
Notes to the Financial Statements For the Year Ended December 31, 2022.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	15
Notes to the Financial Statements For the Year Ended December 31, 2021.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

East Palestine Memorial Public Library
Columbiana County
309 North Market Street
East Palestine, Ohio 44413

To the Board of Trustees:

Report on the Audit of the Financial Statements

We have audited the financial statements of the East Palestine Memorial Public Library, Columbian County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2022 and 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 12, 2023

This page intentionally left blank.

East Palestine Memorial Public Library
Columbiana County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Public Library	\$513,243			\$513,243
Intergovernmental				-
Patron Fines and Fees	10,393			10,393
Contributions, Gifts and Donations	2,871			2,871
Earnings on Investments	241		\$14	255
Miscellaneous	658			658
<i>Total Cash Receipts</i>	<u>527,406</u>	<u>\$0</u>	<u>14</u>	<u>527,420</u>
Cash Disbursements				
Current:				
Library Services	454,617			454,617
<i>Total Cash Disbursements</i>	<u>454,617</u>	<u>0</u>	<u>0</u>	<u>454,617</u>
<i>Net Change in Fund Cash Balances</i>	72,789	0	14	72,803
<i>Fund Cash Balances, January 1</i>	<u>514,400</u>	<u>21,499</u>	<u>12,746</u>	<u>548,645</u>
<i>Fund Cash Balances, December 31</i>	<u>\$587,189</u>	<u>\$21,499</u>	<u>\$12,760</u>	<u>\$621,448</u>

See accompanying notes to the financial statements

This page intentionally left blank.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The East Palestine Memorial Public Library (the Library), Columbiana 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 Council of the Village of East Palestine appoints a seven (7) member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the East Palestine Memorial Public Library is also associated with the Library. It is a privately funded not-for-profit organization with a self-appointing board founded in 1991. The Friends of the Library is organized solely to support the Library and operated using the Library's tax identification number until early September 2022 when the Friends of the Library applied for and obtained its own tax identification number. As of December 31, 2022, the Friends of the Library had unaudited net assets of \$9,587.19. Financial decisions are voted on by the members of the Friends of the Library.

Joint Venture

The Library participates in a joint venture. Note 9 to the financial statements provides additional information for this entity

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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:

Nash Memorial Foundation, Inc. Grant Fund: This fund was set up to receive a grant from the Nash Memorial Foundation, Inc. with the specific purpose that the grant monies are restricted for the purpose of acquiring educational materials and/or educational programs.

Permanent Funds These funds account for and report resources held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's' programs. The Library had the following significant permanent fund:

Roy D. Neely Fund – This fund receives interest income to be used to purchase materials for elderly patrons 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2022 budgetary activity appears in Note 3.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 U.S. Treasury Notes at cost.

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.

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.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 10.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2022, is as follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$478,083	\$527,406	\$49,323
Special Revenue	5,706	0	(5,706)
Capital Projects	0	0	0
Permanent	200	15	(185)
Total	<u>\$483,989</u>	<u>\$527,421</u>	<u>\$43,431</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$652,579	\$454,617	\$197,962
Special Revenue	21,499	0	21,499
Capital Projects	0	0	0
Permanent	0	0	0
Total	<u>\$674,079</u>	<u>\$454,617</u>	<u>\$219,462</u>

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund 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:

	<u>2022</u>
Demand deposits	\$344,060
Other time deposits (savings and NOW accounts)	264,628
Total deposits	<u>608,688</u>
U.S. Treasury Notes	12,760
Total investments	<u>12,760</u>
Total deposits and investments	<u><u>\$621,448</u></u>

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

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

The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

Note 5 – Grants in Aid

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.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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:

1. Comprehensive property and general liability;
2. Vehicles; and
3. Errors and omissions.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 healthcare and survivor and disability benefits.

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

Note 8 – Postemployment Benefits

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

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 9– Joint Venture

During 2020, the Columbiana Public Library, East Palestine Memorial Public Library, the Lepper Library, Salem Public Library, and Wellsville Carnegie Public Library agreed to enter into a joint venture, or consortium, to be called the Public Libraries Uniting in Service (PLUS) Consortia. The PLUS was created for the purpose of jointly acquiring and operating an integrated library system and further providing at each library better services at reduced costs to each individual Member Library through additional collective efforts and resource sharing with PLUS. The Member Libraries shall share all cost of administering PLUS according to a formula determined by vote of not less than two-thirds of the full membership of the Governing Council.

Note 10– 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus			\$10,000	\$10,000
Total	\$0	\$0	\$10,000	\$10,000

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, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

This page intentionally left blank.

East Palestine Memorial Public Library
Columbiana County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$474,442			\$474,442
Intergovernmental		\$13,230		13,230
Patron Fines and Fees	11,289			11,289
Contributions, Gifts and Donations	81,775			81,775
Earnings on Investments	166		\$963	1,129
Miscellaneous	30			30
<i>Total Cash Receipts</i>	<u>567,702</u>	<u>13,230</u>	<u>963</u>	<u>581,895</u>
Cash Disbursements				
Current:				
Library Services	426,309	31,705		458,014
<i>Total Cash Disbursements</i>	<u>426,309</u>	<u>31,705</u>	<u>0</u>	<u>458,014</u>
<i>Net Change in Fund Cash Balances</i>	141,393	(18,475)	963	123,881
<i>Fund Cash Balances, January 1</i>	<u>373,007</u>	<u>39,974</u>	<u>11,783</u>	<u>424,764</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$514,400</u></u>	<u><u>\$21,499</u></u>	<u><u>\$12,746</u></u>	<u><u>\$548,645</u></u>

See accompanying notes to the financial statements

This page intentionally left blank.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 1 - Reporting Entity

The East Palestine Memorial Public Library (the Library), Columbiana 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 Council of the Village of East Palestine appoints a seven (7) member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the East Palestine Memorial Public Library is also associated with the Library. It is a privately funded not-for-profit organization with a self-appointing board founded in 1991. The Friends of the Library is organized solely to support the Library and operates using the Library's tax identification number. As of December 31, 2021, the Friends of the Library had unaudited net assets of \$9,071.27. Financial decisions are voted on by the members of the Friends of the Library.

Joint Venture

The Library participates in a joint venture. Note 9 to the financial statements provides additional information for this entity

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

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:

Nash Memorial Foundation, Inc. Grant Fund: This fund was set up to receive a grant from the Nash Memorial Foundation, Inc. with the specific purpose that the grant monies are restricted for the purpose of acquiring educational materials and/or educational programs.

Guiding Ohio Online Fund: This fund was set up to receive a grant award from the State Library of Ohio for a Library Services and Technology Act Grant Award with the specific purpose that the funds are restricted for the purpose of paying for a technology trainer.

Coronavirus Relief Fund: This fund was set up in 2020 to receive a \$3,000 CARES Act Mini-Grant from the State Library of Ohio via LSTA funds from the federal appropriation made to the Institute of Museum and Library Services through the Federal Coronavirus Aid, Relief, and Economic Security Cares Act to prevent, prepare for, and respond to the Coronavirus.

CRF Public Library Assistance Program Fund: This fund was set up in 2020 to receive a \$25,000 Grant from the Office of Budget and Management from funds that were awarded to the State of Ohio as Federal Financial Assistance from the U.S. Department of Treasury. Funds were awarded under the Social Security Act, as amended by Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") as the Coronavirus Relief Fund (CRF). This program provides funding of \$25,000 to each Ohio public library to be used to assist libraries in operating safely during the COVID-19 public health emergency, including supporting increased sanitation costs, maintaining social distancing, purchasing personal protective equipment (PPE) and other necessary costs to comply with public health orders, local health department recommendations, and best practices.

Permanent Funds These funds account for and report resources held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's' programs. The Library had the following significant permanent fund:

Roy D. Neely Fund – This fund receives interest income to be used to purchase materials for elderly patrons of the Library.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

Basis of Accounting

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

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2021 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 U.S. Treasury Notes at cost.

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.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

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*. 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 10.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021, is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$532,359	\$567,702	\$35,343
Special Revenue	13,230	13,230	0
Capital Projects	0	0	0
Permanent	200	963	763
Total	<u>\$545,789</u>	<u>\$581,895</u>	<u>\$36,106</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$654,904	\$426,309	\$228,595
Special Revenue	52,715	31,705	21,010
Capital Projects	0	0	0
Permanent	0	0	0
Total	<u>\$707,619</u>	<u>\$458,014</u>	<u>\$249,605</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund 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:

	2021
Demand deposits	\$271,512
Other time deposits (savings and NOW accounts)	264,387
Total deposits	<u>535,899</u>
U.S. Treasury Notes	12,746
Total investments	<u>12,746</u>
Total deposits and investments	<u>\$548,645</u>

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

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

The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

Note 5 – Grants in Aid

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.

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:

1. Comprehensive property and general liability;
2. Vehicles; and
3. Errors and omissions.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

*Columbiana County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent (10%) of their gross salaries and the Library contributed an amount equaling fourteen percent (14%) of participants' gross salaries. The Library has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021.

Note 9– Joint Venture

During 2020, the Columbiana Public Library, East Palestine Memorial Public Library, the Lepper Library, Salem Public Library, and Wellsville Carnegie Public Library agreed to enter into a joint venture, or consortium, to be called the Public Libraries Uniting in Service (PLUS) Consortia. The PLUS was created for the purpose of jointly acquiring and operating an integrated library system and further providing at each library better services at reduced costs to each individual Member Library through additional collective efforts and resource sharing with PLUS. The Member Libraries shall share all cost of administering PLUS according to a formula determined by vote of not less than two-thirds of the full membership of the Governing Council.

EAST PALESTINE MEMORIAL PUBLIC LIBRARY

Columbiana County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 10– 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus			\$10,000	\$10,000
Total	\$0	\$0	\$10,000	\$10,000

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, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

East Palestine Memorial Public Library
Columbiana County
309 North Market Street
East Palestine, Ohio 44413

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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the East Palestine Memorial Public Library, Columbiana County, (the Library) and have issued our report thereon dated September 12, 2023, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit and also noted the Library included a disclosure regarding the potential financial impact of COVID-19 and the continuing emergency measures.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 12, 2023

OHIO AUDITOR OF STATE KEITH FABER



EAST PALESTINE MEMORIAL PUBLIC LIBRARY

COLUMBIANA 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 10/5/2023

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

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