



OHIO AUDITOR OF STATE
KEITH FABER



**KIRTLAND PUBLIC LIBRARY
LAKE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Kirtland Public Library
Lake County
9267 Chillicothe Road
Kirtland, Ohio 44094

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Kirtland Public Library, Lake County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for the governmental fund type combined total as of and for the years 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 the governmental fund type combined total 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 years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and 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 August 7, 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

August 7, 2023

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**KIRTLAND PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$296,399	\$0	\$0	\$296,399
Public Library	550,039			550,039
Intergovernmental	39,682			39,682
Patron Fines and Fees	17,928			17,928
Contributions, Gifts and Donations	11,900	500		12,400
Earnings on Investments	4,539	1,797	162	6,498
Miscellaneous	4,558		55	4,613
<i>Total Cash Receipts</i>	<u>925,045</u>	<u>2,297</u>	<u>217</u>	<u>927,559</u>
Cash Disbursements				
Current Library Services:				
Public Services and Programs	779,537		97,906	877,443
Support Services:				
Facilities Operation and Maintenance	234			234
Capital Outlay			20	20
<i>Total Cash Disbursements</i>	<u>779,771</u>	<u>0</u>	<u>97,926</u>	<u>877,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>145,274</u>	<u>2,297</u>	<u>(97,709)</u>	<u>49,862</u>
Other Financing Receipts (Disbursements)				
Transfers In			27,050	27,050
Transfers Out	(27,050)			(27,050)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(27,050)</u>	<u>0</u>	<u>27,050</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	118,224	2,297	(70,659)	49,862
<i>Fund Cash Balances, January 1</i>	<u>394,230</u>	<u>126,402</u>	<u>80,790</u>	<u>601,422</u>
<i>Fund Cash Balances, December 31</i>	<u>\$512,454</u>	<u>\$128,699</u>	<u>\$10,131</u>	<u>\$651,284</u>

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

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Kirtland Public Library, Lake County, Ohio (the Library) as a body corporate and politic. The Kirtland Local School Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary, and recreational resources in print and audio-visual formats, as well as allied services.

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. The Kirtland Public Library went fine free starting in 2019. That loss of revenue is made up significantly by passport application revenues.

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

Legacy Fund – This fund receives interest, dividends, and donations and is used for Library projects which are approved by the Board of Trustees. Generally, only income, that is interest and dividends, are expended. This fund was established by the Board of Trustees, and they reserve the right to use the principal of the fund as circumstances dictate. The funds from the Kitty May Trust Fund from Kathryn formed in May 2003 were transferred into this fund in 2020 as the two funds served the same purpose.

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

Building Fund – This fund accounts for monies set aside by the Board of Trustees specifically for the purpose of repairing, improving, furnishing, and equipping the existing Library facility. The sidewalks were replaced in 2021 and the parking lot was replaced in 2022.

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

The Library values certificates of deposit, and common stock at cost or fair value when donated. The Library invested in money market savings accounts which is valued at amounts reported by the State Treasurer or current financial institutions.

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:

Non-spendable. The Library classifies assets as *non-spendable* 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.

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Assigned. Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$937,256	\$925,045	(\$12,211)
Special Revenue	1,550	2,297	747
Capital Projects	27,150	27,267	117
Total	\$965,956	\$954,609	(\$11,347)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$900,000	\$832,441	\$67,559
Special Revenue	25,600	0	25,600
Capital Projects	100,000	97,926	2,074
Total	\$1,025,600	\$930,367	\$95,233

Kirtland Public Library
Lake County
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 funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposits and investment accounts are as follows:

	<u>2022</u>
Demand deposits	<u>\$10,956</u>
Money Market Accounts	<u>627,722</u>
Total deposits	<u>638,678</u>
Common Stock	<u>12,606</u>
Total investments	<u>12,606</u>
Total deposits and investments	<u><u>\$651,284</u></u>

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.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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

Property Taxes

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

A one mill operating levy was renewed as a continuous issue in 2015. The Board of Trustees and Administration will continue to monitor property values in the area. Any dramatic decreases in those property values would decrease the amount of taxes collected, and future needs would have to be revaluated.

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

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management

Commercial Insurance

The Library has obtained commercial insurance through the Ohio Plan for the following risks:

- Comprehensive property and general liability;
- Employee Benefits Liability;
- Public Officials & Employment Practices Liability;
- Cyber & Terrorism Liability

There were no significant reductions in coverage from prior years. Also, claims have not exceeded coverage in the past two years.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 - Postemployment Benefits

OPERS offers 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 of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional 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.

Note 9 – Fund Balances

Included in fund balance are amounts the Library cannot spend. 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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$25,620	\$0	\$0	\$25,620
Total	\$25,620	\$0	\$0	\$25,620

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. During 2022, the Library did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**KIRTLAND PUBLIC LIBRARY
LAKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$294,084	\$0	\$0	\$294,084
Public Library	514,860			514,860
Intergovernmental	40,173			40,173
Patron Fines and Fees	10,856			10,856
Contributions, Gifts and Donations	20,335			20,335
Earnings on Investments	304	800	78	1,182
Miscellaneous	3,889			3,889
<i>Total Cash Receipts</i>	<u>884,501</u>	<u>800</u>	<u>78</u>	<u>885,379</u>
Cash Disbursements				
Current Library Services:				
Public Services and Programs	774,029	75	19,500	793,604
Support Services:				
Facilities Operation and Maintenance	9			9
<i>Total Cash Disbursements</i>	<u>774,038</u>	<u>75</u>	<u>19,500</u>	<u>793,613</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>110,463</u>	<u>725</u>	<u>(19,422)</u>	<u>91,766</u>
Other Financing Receipts (Disbursements)				
Transfers In			25,000	25,000
Transfers Out	(25,000)			(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	85,463	725	5,578	91,766
<i>Fund Cash Balances, January 1</i>	<u>308,767</u>	<u>125,677</u>	<u>75,212</u>	<u>509,656</u>
<i>Fund Cash Balances, December 31</i>	<u>\$394,230</u>	<u>\$126,402</u>	<u>\$80,790</u>	<u>\$601,422</u>

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

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Kirtland Public Library, Lake County, Ohio (the Library) as a body corporate and politic. The Kirtland Local School Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary, and recreational resources in print and audio-visual formats, as well as allied services.

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. The Kirtland Public Library went fine free starting in 2019. That loss of revenue is made up significantly by passport application revenues.

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

Legacy Fund – This fund receives interest, dividends, and donations and is used for Library projects which are approved by the Board of Trustees. Generally, only income, that is interest and dividends, are expended. This fund was established by the Board of Trustees, and they reserve the right to use the principal of the fund as circumstances dictate. The funds from the Kitty May Trust Fund from Kathryn formed in May 2003 were transferred into this fund in 2020 as the two funds served the same purpose.

Coronavirus Relief Fund – This Library received money in 2020 which was used for personal protective equipment, a furnace upgrade for air quality, and touchless equipment to keep our staff and patrons safer. The balance was spent per the grant restrictions in 2020 and closed with a zero balance in 2021.

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

Building Fund – This fund accounts for monies set aside by the Board of Trustees specifically for the purpose of repairing, improving, furnishing, and equipping the existing Library facility. The sidewalks were replaced in 2021.

Kirtland Public Library
Lake County
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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures that is, disbursements and encumbrances may not exceed appropriations at the fund, 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 certificates of deposit, and common stock at cost or fair value when donated. The Library invested in money market savings accounts which is valued at amounts reported by the State Treasurer or current financial institutions.

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:

Non-spendable. The Library classifies assets as *non-spendable* 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.

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Assigned. Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 was as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$813,932	\$884,501	\$70,569
Special Revenue	1,000	800	(200)
Capital Projects	26,000	25,078	(922)
Total	\$840,932	\$910,379	\$69,447

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$929,700	\$799,038	\$130,662
Special Revenue	600	75	525
Capital Projects	85,000	19,500	65,500
Total	\$1,015,300	\$818,613	\$196,687

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments

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

	<u>2022</u>
Demand deposits	<u>\$15,267</u>
Money Market Accounts	<u>573,549</u>
Total deposits	<u>588,816</u>
Common Stock	<u>12,606</u>
Total investments	<u>12,606</u>
Total deposits and investments	<u><u>\$601,422</u></u>

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.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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

Property Taxes

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

A one mill operating levy was renewed as a continuous issue in 2015. The Board of Trustees and Administration will continue to monitor property values in the area. Any dramatic decreases in those property values would decrease the amount of taxes collected, and future needs would have to be revaluated.

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

Kirtland Public Library
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management

Commercial Insurance

The Library has obtained commercial insurance through the Ohio Plan for the following risks:

- Comprehensive property and general liability;
- Employee Benefits Liability;
- Public Officials & Employment Practices Liability;
- Cyber & Terrorism Liability

There were no significant reductions in coverage from prior years. Also, claims have not exceeded coverage in the past two years.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 - Postemployment Benefits

OPERS offers 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 of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Fund Balances

Included in fund balance are amounts the Library cannot spend. 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. There were no encumbrances for the year ended December 31, 2021.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Kirtland Public Library
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – COVID-19

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

OHIO AUDITOR OF STATE KEITH FABER



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

Kirtland Public Library
Lake County
9267 Chillicothe Road
Kirtland, Ohio 44094

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Kirtland Public Library, Lake County, (the Library) and have issued our report thereon dated August 7, 2023, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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

August 7, 2023

OHIO AUDITOR OF STATE KEITH FABER



KIRTLAND PUBLIC LIBRARY

LAKE 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 8/17/2023

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