



OHIO AUDITOR OF STATE
KEITH FABER



**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY
DECEMBER 31, 2022 AND 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Barnesville-Hutton Memorial Library
Belmont County
308 East Main Street
Barnesville, Ohio 43713

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities and each major fund of the Barnesville-Hutton Memorial Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and each major fund of the Library, as of December 31, 2022 and 2021, and the respective changes in modified cash-basis financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

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.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements for 2021, there is a restatement of beginning fund balances for the following opinion units: General and Special Revenue. The January 1, 2021 fund balances have been restated to reflect GASB No. 54, which addresses the classification of governmental fund balances and clarifies the governmental fund type definitions. 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 modified cash basis of accounting described in Note 2, and for determining that the modified 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 Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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

December 21, 2023

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BARNESVILLE HUTTON MEMORIAL LIBRARY

BELMONT COUNTY

Statement of Net Position - Modified Cash Basis

December 31, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,204,960
Investments	<u>443,626</u>
<i>Total Assets</i>	<u><u>\$1,648,586</u></u>
Net Position	
Unrestricted	<u>1,648,586</u>
<i>Total Net Position</i>	<u><u>\$1,648,586</u></u>

See accompanying notes to the basic financial statements

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2022*

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Governmental Activities
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	11,241	8,236	(3,005)
Collection Development and Processing	48,207	0	(48,207)
Support Services:			
Facilities Operation and Maintenance	72,408	0	(72,408)
Information Services	27,801	0	(27,801)
Business Administration	265,650	0	(265,650)
Capital Outlay	471	0	(471)
<i>Total Governmental Activities</i>	<u>425,778</u>	<u>8,236</u>	<u>(417,542)</u>
		General Receipts:	
		Property Taxes	217,793
		Unrestricted Gifts and Contributions	4,777
		Grants/Entitlements not Restricted to Specific Programs	561,588
		Earnings on Investments	36,076
		Miscellaneous	16,407
		<i>Total General Receipts</i>	<u>836,641</u>
		Change in Net Position	419,099
		<i>Net Position Beginning of Year</i>	<u>1,229,487</u>
		<i>Net Position End of Year</i>	<u><u>\$1,648,586</u></u>

See accompanying notes to the basic financial statements

BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2022

	General	Building Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$980,221	\$224,739	\$1,204,960
Investments	443,626	0	443,626
<i>Total Assets</i>	<u>\$1,423,847</u>	<u>\$224,739</u>	<u>\$1,648,586</u>
Fund Balances			
Assigned	\$666,386	\$224,739	\$891,125
Unassigned (Deficit)	757,461	0	757,461
<i>Total Fund Balances</i>	<u>\$1,423,847</u>	<u>\$224,739</u>	<u>\$1,648,586</u>

See accompanying notes to the basic financial statements

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2022*

	General	Building Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$211,255	\$0	\$211,255
Public Library	561,588	0	561,588
Intergovernmental	6,538	0	6,538
Patron Fines and Fees	8,236	0	8,236
Contributions, Gifts and Donations	6,563	0	6,563
Earnings on Investments	24,832	11,244	36,076
Miscellaneous	14,621	0	14,621
<i>Total Receipts</i>	<u>833,633</u>	<u>11,244</u>	<u>844,877</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	11,241	0	11,241
Collection Development and Processing	48,207	0	48,207
Support Services:			
Facilities Operation and Maintenance	72,408	0	72,408
Information Services	27,801	0	27,801
Business Administration	265,650	0	265,650
Capital Outlay	17	454	471
<i>Total Disbursements</i>	<u>425,324</u>	<u>454</u>	<u>425,778</u>
<i>Net Change in Fund Balances</i>	408,309	10,790	419,099
<i>Fund Balances Beginning of Year</i>	<u>1,015,538</u>	<u>213,949</u>	<u>1,229,487</u>
<i>Fund Balances End of Year</i>	<u>\$1,423,847</u>	<u>\$224,739</u>	<u>\$1,648,586</u>

See accompanying notes to the basic financial statements

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$215,727	\$215,727	\$211,255	(\$4,472)
Public Library	475,466	475,467	561,588	86,121
Intergovernmental	4,400	4,400	6,538	2,138
Patron Fines and Fees	6,000	6,000	8,236	2,236
Contributions, Gifts and Donations	7,500	7,500	6,563	(937)
Earnings on Investments	20,600	20,600	24,832	4,232
Miscellaneous	5,960	5,960	14,621	8,661
<i>Total Receipts</i>	<u>735,653</u>	<u>735,654</u>	<u>833,633</u>	<u>97,979</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	10,530	12,948	11,241	1,707
Collection Development and Processing	74,812	62,881	48,661	14,220
Support Services:				
Facilities Operation and Maintenance	78,223	73,909	78,941	(5,032)
Information Services	23,679	22,034	28,575	(6,541)
Business Administration	282,338	273,435	270,755	2,680
Capital Outlay	81,769	31,149	17	31,132
<i>Total Disbursements</i>	<u>551,351</u>	<u>476,356</u>	<u>438,190</u>	<u>38,166</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>184,302</u>	<u>259,298</u>	<u>395,443</u>	<u>136,145</u>
Other Financing Sources (Uses)				
Transfers Out	0		0	0
Other Financing Uses	(468,631)	(443,627)	0	443,627
<i>Total Other Financing Sources (Uses)</i>	<u>(468,631)</u>	<u>(443,627)</u>	<u>0</u>	<u>443,627</u>
<i>Net Change in Fund Balance</i>	<u>(284,329)</u>	<u>(184,329)</u>	<u>395,443</u>	<u>579,772</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	1,003,153	1,003,153	1,003,153	0
Prior Year Encumbrances Appropriated	12,385	12,385	12,385	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$731,209</u>	<u>\$831,209</u>	<u>\$1,410,981</u>	<u>\$579,772</u>

See accompanying notes to the basic financial statements

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Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 1 – Description of the Library and Reporting Entity

The Barnesville Hutton Memorial Library (the Library) was organized as a school district public library in 1924 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate 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 Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Barnesville Exempted Village School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Barnesville Exempted Village School District Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Barnesville Exempted Village School District.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Friends of the Barnesville Hutton Memorial Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The economic resources received or held by an individual organization that the Barnesville Hutton Memorial Library is entitled to, or has the ability to otherwise access, are not significant to the Barnesville Hutton Memorial Library. Therefore, this organization has been excluded from the reporting entity of the Library.

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

As discussed further in the Basis of Accounting section of this note, the financial statements of the Barnesville Hutton Memorial Library have been prepared on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The most significant of the Library’s accounting policies are described below.

Basis of Presentation

The Library’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library. Governmental activities generally are financed through taxes, intergovernmental receipts, patron fines and fees, and other non-exchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

Fund Financial Statements:

During the year, the Library segregated transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

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 Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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.

Building Fund – This building fund receives an operating transfer from the General Fund and donation monies committed by the Board of Library Trustees specifically for capital and technology improvements.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

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

Budgetary Process

All funds, (except custodial funds) are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and function level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Monies for all funds, except for Hutton Fund stock, are maintained in this pool. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

During 2022, investments were limited to donated stock and STAR Ohio. Investments are recorded at cost, except for STAR Ohio. The donated stock is recorded at fair market value at the time it was donated.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2022 amounted to \$24,832.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes include resources associated with the Hutton Fund. The Statement of Net Position reports \$1,648,586 of restricted net position for governmental activities for the year of which no monies are restricted by enabling legislation.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted The restricted fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or State Statute. State Statute authorizes the Library Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are as follows:

Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restricted, committed or assigned fund balance (modified cash basis)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>
Cash Basis	\$1,423,847
Encumbrances	<u>12,866</u>
Budget Basis	<u>\$1,410,981</u>

Note 4 - Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 4 - Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer/deputy fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$0 of the Library's bank balances of \$47,276 was exposed to custodial credit risk. The donated common stock of \$443,626 are not exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The remaining bank balance of \$1,159,182 is deposited into Star Ohio.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 4 - Deposits and Investments (Continued)

The Library 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 the Library 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.

Investments

The Library received a donation of stock through the Hutton estate. This stock was recorded on the books at fair value on the date donated. The financial institution maintains records identifying the Library as owner of these securities. The carrying value of the donated common stock as of December 31, 2022, was \$443,626 and the fair value of the donated common stock was \$770,939.

As of December 31, 2022, the Library had the following investments:

	Measurement	
	Value	Maturity
Donated Stock	\$770,939	N/A
STAR Ohio	1,159,182	31.9 days
Total Portfolio	<u>\$1,930,121</u>	

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 5 – Grants in Aid and Property 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 5 – Grants in Aid and Property Taxes (Continued)

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

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

Real property taxes are payable semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021 are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2022, was \$39.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

General Property Tax – Real Estate	\$198,714,620
Property Tax Allocations	<u>41,784,520</u>
Total	\$240,499,140

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 6 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 6 – Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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.

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 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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
Traditional 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	Traditional 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	Traditional 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible 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 on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

	<u>State and Local</u>
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, the Library's contractually required contribution was \$31,727.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – 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 post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA.

For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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.

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

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. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority allowing 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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, 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 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library had no contractually required contribution to health care for the year 2022.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Building</u>	<u>Total</u>
Assigned to			
Other Purposes	\$653,521	\$224,739	\$878,260
Encumbrances	<u>12,865</u>	<u>0</u>	<u>12,865</u>
<i>Total Assigned</i>	<u>666,386</u>	<u>224,739</u>	<u>891,125</u>
Unassigned (Deficit)	<u>757,461</u>	<u>0</u>	<u>757,461</u>
<i>Total Fund Balances</i>	<u>\$1,423,847</u>	<u>\$224,739</u>	<u>\$1,648,586</u>

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. 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 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.

BARNESVILLE HUTTON MEMORIAL LIBRARY

BELMONT COUNTY

Statement of Net Position - Modified Cash Basis

December 31, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$785,861
Investments	443,626
<i>Total Assets</i>	<u>\$1,229,487</u>
Net Position	
Unrestricted	1,229,487
<i>Total Net Position</i>	<u>\$1,229,487</u>

See accompanying notes to the basic financial statements

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2021*

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	7,497	8,034	537
Collection Development and Processing	44,130	0	(44,130)
Support Services:			
Facilities Operation and Maintenance	58,072	0	(58,072)
Information Services	24,548	0	(24,548)
Business Administration	270,633	0	(270,633)
Capital Outlay	74,194	0	(74,194)
<i>Total Governmental Activities</i>	<u>479,074</u>	<u>8,034</u>	<u>(471,040)</u>
		General Receipts:	
		Property Taxes	230,216
		Unrestricted Gifts and Contributions	8,557
		Grants/Entitlements not Restricted to Specific Programs	519,131
		Earnings on Investments	18,343
		Miscellaneous	10,872
		<i>Total General Receipts</i>	<u>787,119</u>
		Change in Net Position	316,079
		<i>Net Position Beginning of Year</i>	<u>913,408</u>
		<i>Net Position End of Year</i>	<u><u>\$1,229,487</u></u>

See accompanying notes to the basic financial statements

BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2021

	General	Building Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$571,912	\$213,949	\$785,861
Investments	443,626	0	443,626
<i>Total Assets</i>	<u>\$1,015,538</u>	<u>\$213,949</u>	<u>\$1,229,487</u>
Fund Balances			
Assigned	\$658,071	\$213,949	\$872,020
Unassigned (Deficit)	357,467	0	357,467
<i>Total Fund Balances</i>	<u>\$1,015,538</u>	<u>\$213,949</u>	<u>\$1,229,487</u>

See accompanying notes to the basic financial statements

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2021*

	General	Building Fund	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$227,926	\$0	\$227,926
Public Library	519,131	0	519,131
Intergovernmental	2,290	0	2,290
Patron Fines and Fees	8,034	0	8,034
Contributions, Gifts and Donations	13,695	0	13,695
Earnings on Investments	18,052	291	18,343
Miscellaneous	5,734	0	5,734
<i>Total Receipts</i>	<u>794,862</u>	<u>291</u>	<u>795,153</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	7,497	0	7,497
Collection Development and Processing	44,130	0	44,130
Support Services:			
Facilities Operation and Maintenance	58,072	0	58,072
Information Services	24,548	0	24,548
Business Administration	270,633	0	270,633
Capital Outlay	1,579	72,615	74,194
<i>Total Disbursements</i>	<u>406,459</u>	<u>72,615</u>	<u>479,074</u>
<i>Net Change in Fund Balances</i>	388,403	(72,324)	316,079
<i>Fund Balances Beginning of Year (Restated, See Note 11)</i>	<u>627,135</u>	<u>286,273</u>	<u>913,408</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,015,538</u></u>	<u><u>\$213,949</u></u>	<u><u>\$1,229,487</u></u>

See accompanying notes to the basic financial statements

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$207,755	\$207,755	\$227,926	\$20,171
Public Library	441,114	441,114	519,131	78,017
Intergovernmental	4,240	4,240	2,290	(1,950)
Patron Fines and Fees	5,000	5,000	8,034	3,034
Contributions, Gifts and Donations	7,000	7,000	13,695	6,695
Earnings on Investments	16,600	16,600	18,052	1,452
Miscellaneous	6,000	6,000	5,734	(266)
<i>Total Receipts</i>	<u>687,709</u>	<u>687,709</u>	<u>794,862</u>	<u>107,153</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	11,200	11,205	7,527	3,678
Collection Development and Processing	67,030	61,030	46,115	14,915
Support Services:				
Facilities Operation and Maintenance	71,189	65,184	65,572	(388)
Information Services	23,721	18,721	25,319	(6,598)
Business Administration	314,150	305,150	272,732	32,418
Capital Outlay	40,949	16,949	1,579	15,370
<i>Total Disbursements</i>	<u>528,239</u>	<u>478,239</u>	<u>418,844</u>	<u>59,395</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>159,470</u>	<u>209,470</u>	<u>376,018</u>	<u>166,548</u>
Other Financing Sources (Uses)				
Transfers Out			0	0
Other Financing Uses	(466,462)	(466,462)	0	466,462
<i>Total Other Financing Sources (Uses)</i>	<u>(466,462)</u>	<u>(466,462)</u>	<u>0</u>	<u>466,462</u>
<i>Net Change in Fund Balance</i>	<u>(306,992)</u>	<u>(256,992)</u>	<u>376,018</u>	<u>633,010</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	618,831	618,831	618,831	0
Prior Year Encumbrances Appropriated	8,304	8,304	8,304	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$320,143</u>	<u>\$370,143</u>	<u>\$1,003,153</u>	<u>\$633,010</u>

See accompanying notes to the basic financial statements

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Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Barnesville Hutton Memorial Library (the Library) was organized as a school district public library in 1924 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate 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 Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Barnesville Exempted Village School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Barnesville Exempted Village School District Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Barnesville Exempted Village School District.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Friends of the Barnesville Hutton Memorial Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The economic resources received or held by an individual organization that the Barnesville Hutton Memorial Library is entitled to, or has the ability to otherwise access, are not significant to the Barnesville Hutton Memorial Library. Therefore, this organization has been excluded from the reporting entity of the Library.

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

As discussed further in the Basis of Accounting section of this note, the financial statements of the Barnesville Hutton Memorial Library have been prepared on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The most significant of the Library’s accounting policies are described below.

Basis of Presentation

The Library’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library. Governmental activities generally are financed through taxes, intergovernmental receipts, patron fines and fees, and other non-exchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

Fund Financial Statements:

During the year, the Library segregated transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

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 Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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.

Building Fund – This building fund receives an operating transfer from the General Fund and donation monies committed by the Board of Library Trustees specifically for capital and technology improvements.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

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

Budgetary Process

All funds, (except custodial funds) are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and function level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Monies for all funds, except for Hutton Fund stock, are maintained in this pool. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

During 2021, investments were limited to donated stock and STAR Ohio. Investments are recorded at cost, except for STAR Ohio. The donated stock is recorded at fair market value at the time it was donated.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2021 amounted to \$18,052.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted.

Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes include resources associated with the Hutton Fund. The Statement of Net Position reports \$1,229,487 of restricted net position for governmental activities for the year of which no monies are restricted by enabling legislation.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted The restricted fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or State Statute. State Statute authorizes the Library Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are as follows:

Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restricted, committed or assigned fund balance (modified cash basis)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>
Cash Basis	\$1,015,538
Encumbrances	<u>12,385</u>
Budget Basis	<u><u>\$1,003,153</u></u>

Note 4 - Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 4 - Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer/deputy fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$0 of the Library's bank balances of \$58,850 was exposed to custodial credit risk. The donated common stock of \$443,626 are not exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The remaining bank balance of \$727,272 is deposited into Star Ohio.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 4 - Deposits and Investments (Continued)

The Library 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 the Library 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.

Investments

The Library received a donation of stock through the Hutton Estate. This stock was recorded on the books at fair value on the date donated. The financial institution maintains records identifying the Library as owner of these securities. The carrying value of the donated common stock as of December 31, 2021, was \$443,626 and the fair value of the donated common stock was \$748,127.

As of December 31, 2021, the Library had the following investments:

	Measurement	
	Value	Maturity
Donated Stock	\$748,127	N/A
STAR Ohio	727,272	51.3 days
Total Portfolio	\$1,475,399	

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The investments in common stock are donated investments, and were not purchased by the Library.

Note 5 – Grants in Aid and Property 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 5 – Grants in Aid and Property Taxes (Continued)

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

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

Real property taxes are payable semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020 are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2021, was \$40.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$200,305,500
Public Utility Personal Property	<u>41,110,350</u>
Total	\$243,415,850

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 6 – Risk Management

Risk Pool Membership

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 6 – Risk Management (Continued)

Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	(15,037,383)
Members' Equity	\$ 6,740,056

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plan

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Plan Description – Library employees 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.

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 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Barnesville Hutton Memorial Library, Belmont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

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 and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	Traditional Plan Formula:	Traditional 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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	Combined Plan Formula:	Combined Plan Formula:
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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. 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the Library's contractually required contribution was \$31,916.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits (Continued)

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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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.

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

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. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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.

Barnesville Hutton Memorial Library, Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits (Continued)

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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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 and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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 Library had no contractually required contribution to health care for the year 2021.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Building</u>	<u>Total</u>
Assigned to			
Other Purposes	\$ 645,686	\$ 213,949	\$ 859,635
Encumbrances	12,385	0	12,385
<i>Total Assigned</i>	<u>658,071</u>	<u>213,949</u>	<u>872,020</u>
Unassigned (Deficit)	<u>357,467</u>	<u>0</u>	<u>357,467</u>
<i>Total Fund Balances</i>	<u>\$1,015,538</u>	<u>\$213,949</u>	<u>\$1,229,487</u>

Barnesville Hutton Memorial Library, Belmont County

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

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.

Note 11 – Restatement of Fund Balance

GASB Statement No. 54 addresses the classification of governmental fund balance and clarifies the governmental fund type definitions. The implementation of this Statement resulted in one fund that was previously reported as a special revenue fund is now combined with the General Fund.

GASB Statement No. 54 had the following effect on fund balances as previously reported:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Fund Balance at December 31, 2020	\$160,080	\$467,055	\$627,135
Restatements	<u>467,055</u>	<u>(467,055)</u>	<u>0</u>
Restated Fund Balance at December 31, 2020	<u>\$627,135</u>	<u>\$0</u>	<u>\$627,135</u>

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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

Barnesville-Hutton Memorial Library
Belmont County
308 East Main Street
Barnesville, Ohio 43713

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities and each major fund of the Barnesville-Hutton Memorial Library, Belmont County, (the Library) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 21, 2023, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the Library restated the January 1, 2021 fund balances to reflect GASB 54 fund classifications.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-004 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2022-001 through 2022-003.

Library's Responses to Findings

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

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

December 21, 2023

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2022-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.09 states that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Furthermore, GASB 54 defines a special revenue funds as funds that are used to 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 term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

The Library established the Hutton Special Revenue Fund. This Fund received donated stock in previous years by the Hutton Family estate to be used for the benefit of the Library's patrons. The Hutton Fund continues to receive dividends each year. The Library classified the fund balance as assigned in both 2022 and 2021. However, per review of attorney documentation regarding the donated stock, it has no restrictions. Therefore, this funds activity including all receipts, expenditures and fund balances should be presented in the General Fund, not a special revenue fund in both 2022 and 2021.

The adjustments referred to above, in which management agrees, have been posted to the accounting records and are reflected in the accompanying financial statements.

The Library should evaluate each type of revenue source when establishing new funds.

Officials Response: The Fiscal Officer is now aware the Hutton Fund is not a Special Revenue Fund and is not restricted.

FINDING NUMBER 2022-002

Noncompliance and Material Weakness

Ohio Revised Code § 5705.23 states that board of library trustees of any county, municipal corporation, school district, or township public library by a vote of two-thirds of all its members may at any time declare by resolution that the amount of taxes which may be raised within the ten-mill limitation by levies on the current tax duplicate will be insufficient to provide an adequate amount for the necessary requirements of the public library, that it is necessary to levy a tax in excess of such limitation for current expenses of the public library or for the construction of any specific permanent improvement or class of improvements which the board of library trustees is authorized to make or acquire and which could be included in a single issue of bonds, and that the question of such additional tax levy shall be submitted by the taxing authority of the political subdivision to whose jurisdiction the board is subject, to the electors of the subdivision, or, in the case of a qualifying library levy, to the electors residing within the boundaries of the library district on the day specified by division (E) of § 3501.01 of the Revised Code for the holding of a primary election or at an election on another day to be specified in the resolution.

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2022-002
(Continued)**

Noncompliance and Material Weakness - Ohio Revised Code § 5705.23 (Continued)

Ohio Revised Code § 5705.13(C) permits a taxing authority, by resolution or ordinance, to establish a capital projects fund for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the subdivision. The ordinance or resolution shall identify the source of the money to be used to acquire, construct, or improve the fixed assets identified in the resolution or ordinance, the amount of money to be accumulated for that purpose, the period of time over which that amount is to be accumulated, and the fixed assets that the taxing authority intends to acquire, construct, or improve with the money to be accumulated in the fund. Capital Project Funds are to account for financial resources received for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Board passed a resolution to collect a tax levy money for the benefit of the Library at a rate not exceeding 1 mill for each one dollar of valuation, which amounts to ten cents (\$0.10) for each hundred dollars of valuation for the current expenses of the Library. This levy money is receipted into the General Fund.

During 2022 and 2021, the Library transferred \$420,000 and \$370,000, respectively, from the General Fund into the Capital Projects Fund. While the amounts were Board approved, there was no indication as to why these transfers were occurring as Library has no future plans for the acquisition or construction of a major capital facilities. These transfers contained current expense levy money.

Due to the above circumstances, the Library should not have transferred these amounts to the Capital Projects fund in each year. These adjustments, in which management agrees, have been posted to the accounting records and are reflected in the accompanying financial statements.

The Library should only transfer funds to the Capital Projects Fund when a project is being planned for and to ensure that operating levy money is not included in the transfer.

Officials Response: For many years, the library transferred money from the General Fund to the Capital Fund at the end of each year and such transfers were never addressed during an audit period. Moving forward, the Fiscal Officer understands any transfer into the Capital Fund must designate which capital project it will be funding.

FINDING NUMBER 2022-003

Noncompliance and Material Weakness

Ohio Revised Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

The Library did not always accurately post disbursements to the correct fund.

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2022-003
(Continued)**

Noncompliance and Material Weakness - Ohio Revised Code § 5705.10(I) (Continued)

We noted the following errors:

- Disbursements totaling \$20,006 were improperly posted as Capital Outlay within the Building Fund and should have been posted as Information Services and Facilities Operation and Maintenance in the amount of \$9,296 and \$10,710, respectively, within the General Fund and Governmental Activities in 2022.
- Disbursements totaling \$12,534 were improperly posted as Capital Outlay within the Building Fund and should have been posted as Information Services and Facilities Operation and Maintenance in the amount of \$7,200 and \$5,334, respectively, within the General Fund and Governmental Activities in 2021.

These adjustments, in which management agrees, has been posted to the accounting records and is reflected in the accompanying financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Library's financial position and operations.

The Library Fiscal Officer should utilize available authoritative resources to appropriately classify and record all expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to expenditure account classifications based on the nature of the expenditure.

Officials' Response: The Fiscal Officer understands the posting errors. However, the Fiscal Officer would like it noted that in the Board minutes of April 7, 2021, the Trustees approved the expenditure for IT Services from the Capital Fund. This motion from the Board was upon recommendation from the Auditor's Office.

FINDING NUMBER 2022-004

Material Weakness

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

Governmental Accounting Standards Board Statement (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The assigned fund balance definition addresses the government's intent. When an appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Further, issuing a purchase order assigns the amount of the purchase order to a specific purpose; thus, the outstanding encumbrance amount is included in assigned fund balance, unless the purchase order relates to restricted or committed resources.

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2022-004
(Continued)**

Material Weakness (Continued)

During 2022 and 2021, the Library classified \$164,376 and \$167,928, respectively, as Unassigned fund balance rather than Assigned fund balance in the General Fund. We also noted that during 2022 and 2021, the Library classified \$1,484,209 and \$1,061,558, respectively, as Restricted rather than Unrestricted on the Statement of Net Position.

The reclassifications above were agreed to by Library management and are reflected in the accompanying financial statements.

Failure to properly report financial activity could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Board's financial position and operations.

The Fiscal Officer should review Uniform Accounting Network Accounting and General Manual, GASB 54, and Auditor of State Bulletin 2011-04 to ensure proper classification of fund balances and receipts.

Officials' Response: Noted.

OHIO AUDITOR OF STATE KEITH FABER



BARNESVILLE-HUTTON MEMORIAL LIBRARY

BELMONT 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 1/23/2024

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This report is a matter of public record and is available online at
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