

MEDINA COUNTY DISTRICT LIBRARY

MEDINA COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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Board of Trustees
Medina County District Library
210 South Broadway Street
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina County District Library, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2024

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MEDINA COUNTY DISTRICT LIBRARY
MEDINA COUNTY, OHIO
Regular Audit
For the Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Medina County District Library
Medina County
210 South Broadway Street
Medina, Ohio 44256

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Medina County District Library, Medina County, Ohio (the Library), as of and for the years ended December 31, 2023 and 2022, 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 cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library as of December 31, 2023 and 2022, and the respective changes in cash basis financial position thereof and the budgetary comparison for the General Fund for the years then ended in accordance with the 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 opinion.

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 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

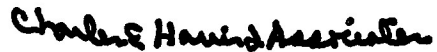
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024, 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.



Charles E. Harris & Associates, Inc.
May 23, 2024

Medina County District Library, Medina County

Statement of Net Position - Cash Basis

December 31, 2023

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$16,159,072</u>
<i>Total Assets</i>	<u><u>\$16,159,072</u></u>
Net Position	
Restricted for:	
Debt Service	142,294
Permanent Fund Purpose:	
Nonexpendable	12,373
Other Purposes	496,753
Unrestricted	<u>15,507,652</u>
<i>Total Net Position</i>	<u><u>\$16,159,072</u></u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2023

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$ 4,429,062	\$ 272,186	-	(\$4,156,876)
Collection Development and Processing	2,565,986	-	-	(2,565,986)
Support Services:				
Facilities Operation and Maintenance	1,163,760	-	-	(1,163,760)
Information Services	523,221	-	-	(523,221)
Business Administration	1,922,124	-	-	(1,922,124)
Capital Outlay	436,654	-	20,000	(416,654)
Debt Service:				
Principal Retirement	2,970,000	-	-	(2,970,000)
Interest and Fiscal Charges	89,100	-	-	(89,100)
<i>Total Governmental Activities</i>	<u>\$ 14,099,907</u>	<u>\$ 272,186</u>	<u>20,000</u>	<u>\$ (13,807,721)</u>
General Receipts:				
Public Library Fund				4,744,859
Property Taxes Levied for General Purposes				6,196,410
Property Taxes Levied for Debt Service				2,035,004
Grants/Entitlements not Restricted to Specific Programs				867,143
Unrestricted Gifts and Contributions				40,625
Earnings on Investments				669,719
Miscellaneous				179,448
<i>Total General Receipts</i>				<u>14,733,208</u>
Change in Net Position				925,487
<i>Net Position Beginning of Year</i>				<u>15,233,585</u>
<i>Net Position End of Year</i>				<u><u>\$ 16,159,072</u></u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2023

	General	Debt Service Fund	Building/Repair Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$13,278,553	\$142,294	\$2,195,087	\$543,138	\$16,159,072
<i>Total Assets</i>	<u>\$13,278,553</u>	<u>\$142,294</u>	<u>\$2,195,087</u>	<u>\$543,138</u>	<u>\$16,159,072</u>
Fund Balances					
Nonspendable	-	-	-	12,373	\$12,373
Restricted	-	142,294	-	496,753	639,047
Assigned	2,188,875	-	2,195,087	34,012	4,417,974
Unassigned	11,089,678	-	-	-	11,089,678
<i>Total Fund Balances</i>	<u>\$ 13,278,553</u>	<u>\$142,294</u>	<u>\$2,195,087</u>	<u>\$543,138</u>	<u>\$16,159,072</u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	General	Debt Service Fund	Building/Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 6,196,410	\$ 2,035,004	-	-	\$8,231,414
Public Library	4,744,859	-	-	-	4,744,859
Intergovernmental	610,173	256,970	-	-	867,143
Grants	-	-	-	\$ 20,000	20,000
Patron Fines and Fees	272,186	-	-	-	272,186
Contributions, Gifts and Donations	40,625	-	-	-	40,625
Earnings on Investments	568,143	-	\$ 74,230	27,346	669,719
Miscellaneous	158,952	-	-	20,496	179,448
<i>Total Receipts</i>	<u>12,591,348</u>	<u>2,291,974</u>	<u>74,230</u>	<u>67,842</u>	<u>15,025,394</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	\$ 4,182,869	-	-	\$ 246,193	\$ 4,429,062
Collection Development and Processing	2,551,016	-	-	14,970	2,565,986
Support Services:					
Facilities Operation and Maintenance	1,163,760	-	-	-	1,163,760
Information Services	523,221	-	-	-	523,221
Business Administration	1,865,852	\$ 33,973	\$ 20,969	1,330	1,922,124
Capital Outlay	137,389	-	272,693	26,572	436,654
Debt Service:					
Principal Retirement	-	2,970,000	-	-	2,970,000
Interest and Fiscal Charges	-	89,100	-	-	89,100
<i>Total Disbursements</i>	<u>10,424,107</u>	<u>3,093,073</u>	<u>293,662</u>	<u>289,065</u>	<u>14,099,907</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	2,167,241	(801,099)	(219,432)	(221,223)	925,487
Other Financing Sources (Uses)					
Transfers In	-	-	500,000	350,000	850,000
Transfers Out	(850,000)	-	-	-	(850,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(850,000)</u>	<u>-</u>	<u>500,000</u>	<u>350,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,317,241	(801,099)	280,568	128,777	925,487
<i>Fund Balances Beginning of Year</i>	11,961,312	943,393	1,914,519	414,361	15,233,585
<i>Fund Balances End of Year</i>	<u>\$13,278,553</u>	<u>\$142,294</u>	<u>\$2,195,087</u>	<u>\$543,138</u>	<u>\$16,159,072</u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 5,945,800	\$ 5,945,800	\$ 6,196,410	\$ 250,610
Public Library	4,600,000	4,600,000	4,744,859	144,859
Intergovernmental	660,000	660,000	610,173	(49,827)
Patron Fines and Fees	182,000	182,000	272,186	90,186
Contributions, Gifts and Donations	25,000	25,000	40,625	15,625
Earnings on Investments	101,000	101,000	568,143	467,143
Miscellaneous	53,000	53,000	158,952	105,952
<i>Total Receipts</i>	<u>11,566,800</u>	<u>11,566,800</u>	<u>12,591,348</u>	<u>1,024,548</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	\$ 4,698,687	\$ 4,698,687	\$ 4,339,334	\$ 359,353
Collection Development and Processing	3,221,128	3,221,128	3,170,281	50,847
Support Services:				
Facilities Operation and Maintenance	1,402,018	1,402,018	1,340,379	61,639
Information Services	583,955	583,955	559,297	24,658
Business Administration	3,203,577	3,203,577	2,113,573	1,090,004
Capital Outlay	183,720	183,720	142,566	41,154
<i>Total Disbursements</i>	<u>13,293,085</u>	<u>13,293,085</u>	<u>11,665,430</u>	<u>1,627,655</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,726,285)	(1,726,285)	925,918	2,652,203
Other Financing Sources (Uses)				
Transfers Out	\$ (850,000)	\$ (850,000)	\$ (850,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(2,576,285)	(2,576,285)	75,918	2,652,203
<i>Unencumbered Fund Balance Beginning of Year</i>	10,914,480	10,914,480	10,914,480	-
Prior Year Encumbrances Appropriated	1,046,833	1,046,833	1,046,833	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 9,385,028</u>	<u>\$ 9,385,028</u>	<u>\$ 12,037,231</u>	<u>\$ 2,652,203</u>

See accompanying notes to the basic financial statements

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Description of the Library and Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County District Library, Medina County, Ohio, (the Library) as a body corporate and politic. Medina County District Library is a Library as defined by Section 3375.19 of the Ohio Revised Code.

A seven-member Board governs the Library, which provides the community with various educational and literacy resources. Of the seven Board members, three are appointed by the Judge of the Court of Common Pleas and four are appointed by the Board of the County Commissioners. All Board members are qualified electors of the Library District. Appointments are for seven-year terms and members serve without compensation. The officers of the Board are the president, vice president, and secretary, who are all elected and serve a term of one year. The Board appoints a Director and Fiscal Officer.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate, and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once these decisions are made, the County Commissioners must place the levy on the ballot.

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, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

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.

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 all financial activities of the Library. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash basis financial condition of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental. 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 is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements During the year, the Library segregates 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single 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 those through which most governmental functions of the Library are financed. 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.

Debt Service Fund This fund is used to account for receipts that are restricted for the payment of general obligation bonds.

Building and Repair Fund The building and repair fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Basis of Accounting

The Library's financial statements are prepared using the 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

Budgetary Process

All funds are legally required to be appropriated. The Library Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at fund, function, and object level of control.

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 resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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. 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 of the cash management pool and investments with an original maturity of three months or less at the time they are purchased 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.

During 2023, investments were limited to STAR Ohio.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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 2023, 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 appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2023 amounted to \$568,143. Per the Library Board’s policy, interest on investments are also received to other library funds as well.

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.

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 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 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and finance purchase payments are reported when paid.

Leases and SBITAs

For 2023, GASB Statement No. 96, *Subscription-Based Technology Arrangements*, was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Library is the lessee (as defined by GASB 87) in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the Library's cash basis of accounting. Lease disbursements are recognized when they are received/paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the debt service fund and the permanent fund.

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.

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 other 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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 the 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 by 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.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as an assigned fund balance (cash basis). The encumbrances outstanding at year-end December 31, 2023 amounted to \$1,241,323 for the General Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Library into three categories.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
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 (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

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

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 or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$902 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial credit risk 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, \$1,134,195 of the Library’s bank balance of \$6,391,740 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

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, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured, unless the institution participates in the Treasurer of State’s OPCS program.

Investments

As of December 31, 2023, the Library had the following investments:

<u>Investment Type</u>	<u>Fair Value</u> 12/31/2023	<u>Maturity(1)</u>	<u>Rating(2)</u>
STAR OHIO (investment pool)	\$9,279,737	46.4	Aaa
Money Market	\$798,038	Daily	AAAm
(1) Weighted Maturity - Days		(2) S&P	

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

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 that 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.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. STAR Ohio is 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 Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, governing board, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or 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 utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 5 – Grants in Aid, Property Taxes, and Tax Abatements (continued)

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

Tax Abatements

Certain local governments including municipalities, townships and villages in the Library’s service district may have entered into abatement agreements that reduced the 2023 tax revenue received by the Library. According to the Medina County Auditor’s office, there were 12 different taxing districts that had abatement agreements in place, and the Library’s portion of abated taxes totaled \$118,632 for the 2022 tax year that was abated in 2023.

Note 6 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

Note 7 – Defined Benefit Pension Plan

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – All 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plan (continued)

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):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plan (continued)

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. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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.

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

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plan (continued)

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
 Total Employer	 14.0 %	 14.0 %
 Employee	 10.0 %	 10.0 %

* 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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

For 2023, the Library’s contractually required contribution was \$670,660.

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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 8 – Postemployment Benefits (continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 8 – Postemployment Benefits (continued)

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 8 – Postemployment Benefits (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the 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; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library’s contractually required contribution was \$10,766 for 2023.

Note 9 – Debt

The changes in the Library’s long-term obligations during 2023 consisted of the following:

Long-Term Liabilities	Principal Outstanding 1/1/2023	Reductions	Principal Outstanding 12/31/2023	Amounts Due in One Year
Governmental Activities 2023				
2011 Current Interest Bonds	\$ 2,925,000	\$ 2,925,000	\$ 0	\$ 0
2011 Capital Appreciation Bonds	45,000	45,000	0	0
Total	<u>\$ 2,970,000</u>	<u>\$ 2,970,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

In 2003, the Library issued \$42,300,000 in general obligation bonds, at rates from 2% - 5.25% and maturity dates from 2004 through 2023, for renovations to three buildings and construction of three new buildings. The voters approved a tax levy to pay off the bonds over 20 years.

In 2011, the Library refunded a portion of the above 2003 Series Bond for \$25,020,000, at rates from 2%-5% and maturity dates from 2012 through 2023. The bonds are to be paid over 12 years. The amount paid to the Escrow agent was \$27,445,710, which is the amount left in its account held by its financial institution as of December 31, 2011. This amount is not reported in the Library’s cash balance.

This issue is comprised of both current interest bonds, par value \$24,975,000, and capital appreciation bonds, par value \$45,000. The interest rates on the current interest bonds range from 2%-5%. The capital appreciation bonds matured on December 1, 2019 (approximate initial offering yield at maturity 2.81%) at a redemption price equal to 100% of the principal, plus interest at the redemption date. The accreted value at maturity for the capital appreciation bonds is \$225,005.

Principal and interest requirements were retired during 2023. Bonds were paid from the Debt Service Fund.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 10 – 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:

December 31, 2023					
Fund Balances	General	Debt Service Fund	Bldg./Repair Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Endowment for Non-Expendable Trust	\$ -	\$ -	\$ -	\$12,373	\$12,373
Total Nonspendable	-	-	-	12,373	12,373
Restricted for:					
Debt Service ALA LTC	-	142,294	-	706	142,294 706
Genealogy Activities	-	-	-	496,047	496,047
Total Restricted	-	142,294	-	496,753	639,047
Assigned to:					
Vendors	1,241,323	-	2,195,087	-	3,436,410
Other - Carryover used for 2024 Budget	947,552	-	-	-	947,552
Endowment Fund	-	-	-	-	-
Interest Accrued	-	-	-	34,012	34,012
Total Assigned	2,188,875	-	2,195,087	34,012	4,417,974
Unassigned:	11,089,678	-	-	-	11,089,678
<i>Total Fund Cash Balances, December 31</i>	<u>\$ 13,278,553</u>	<u>\$142,294</u>	<u>\$ 2,195,087</u>	<u>\$ 543,138</u>	<u>\$ 16,159,072</u>

Medina County District Library, Medina County

Statement of Net Position - Cash Basis

December 31, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$15,233,585</u>
<i>Total Assets</i>	<u><u>\$15,233,585</u></u>
Net Position	
Restricted for:	
Debt Service	943,393
Permanent Fund Purpose:	
Nonexpendable	12,373
Other Purposes	369,310
Unrestricted	<u>13,908,509</u>
<i>Total Net Position</i>	<u><u>\$15,233,585</u></u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

	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	\$ 4,218,104	\$ 213,989	\$ (4,004,115)
Collection Development and Processing	2,449,903	-	(2,449,903)
Support Services:			
Facilities Operation and Maintenance	829,359	-	(829,359)
Information Services	509,223	-	(509,223)
Business Administration	1,833,236	-	(1,833,236)
Capital Outlay	476,346	-	(476,346)
Debt Service:			
Principal Retirement	2,875,000	-	(2,875,000)
Interest and Fiscal Charges	179,413	-	(179,413)
<i>Total Governmental Activities</i>	<u>\$ 13,370,584</u>	<u>\$ 213,989</u>	<u>\$ (13,156,595)</u>
General Receipts:			
Public Library Fund			4,672,333
Property Taxes Levied for General Purposes			6,278,968
Property Taxes Levied for Debt Service			2,608,325
Grants/Entitlements not Restricted to Specific Programs			956,689
Unrestricted Gifts and Contributions			35,463
Restricted Gifts and Contributions			2,785
Earnings on Investments			226,081
Miscellaneous			154,688
<i>Total General Receipts</i>			<u>14,935,332</u>
Change in Net Position			1,778,737
<i>Net Position Beginning of Year</i>			<u>13,454,848</u>
<i>Net Position End of Year</i>			<u>\$ 15,233,585</u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2022

	General	Debt Service Fund	Building/Repair Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 11,961,311	\$ 943,393	\$ 1,914,519	\$ 414,362	\$ 15,233,585
<i>Total Assets</i>	<u>11,961,311</u>	<u>943,393</u>	<u>1,914,519</u>	<u>414,362</u>	<u>15,233,585</u>
Fund Balances					
Nonspendable	-	-	-	12,373	\$12,373
Restricted	-	943,393	-	369,310	1,312,703
Assigned	1,502,187	-	1,914,519	32,679	3,449,385
Unassigned	10,459,124	-	-	-	10,459,124
<i>Total Fund Balances</i>	<u>\$ 11,961,311</u>	<u>\$ 943,393</u>	<u>\$ 1,914,519</u>	<u>\$ 414,362</u>	<u>\$ 15,233,585</u>

See accompanying notes to the basic financial statements

Medina County District Library, Medina County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	Debt Service Fund	Building/Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 6,278,968	\$ 2,608,325	-	-	\$8,887,293
Public Library	4,672,333	-	-	-	4,672,333
Intergovernmental	627,633	329,056	-	-	956,689
Intergovernmental Grants	2,000	-	-	-	2,000
Patron Fines and Fees	213,989	-	-	-	213,989
Contributions, Gifts and Donations	35,718	-	-	\$ 530	36,248
Earnings on Investments	193,514	-	\$ 25,722	6,845	226,081
Miscellaneous	144,255	-	-	10,433	154,688
<i>Total Receipts</i>	<u>12,168,410</u>	<u>2,937,381</u>	<u>25,722</u>	<u>17,808</u>	<u>15,149,321</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	\$ 4,014,849	-	-	\$ 203,255	\$ 4,218,104
Collection Development and Processing	2,436,150	-	-	13,753	2,449,903
Support Services:					
Facilities Operation and Maintenance	829,359	-	-	-	829,359
Information Services	509,223	-	-	-	509,223
Business Administration	1,789,779	\$ 42,766	-	691	1,833,236
Capital Outlay	181,228	-	\$ 292,963	2,155	476,346
Debt Service:					
Principal Retirement	-	2,875,000	-	-	2,875,000
Interest and Fiscal Charges	-	179,413	-	-	179,413
<i>Total Disbursements</i>	<u>9,760,588</u>	<u>3,097,179</u>	<u>292,963</u>	<u>219,854</u>	<u>13,370,584</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	2,407,822	(159,798)	(267,241)	(202,046)	1,778,737
Other Financing Sources (Uses)					
Transfers In	-	-	125,000	-	125,000
Transfers Out	(125,000)	-	-	-	(125,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(125,000)</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	2,282,822	(159,798)	(142,241)	(202,046)	1,778,737
<i>Fund Balances Beginning of Year</i>	<u>9,678,489</u>	<u>1,103,191</u>	<u>2,056,760</u>	<u>616,408</u>	<u>13,454,848</u>
<i>Fund Balances End of Year</i>	<u>\$11,961,311</u>	<u>\$943,393</u>	<u>\$1,914,519</u>	<u>\$414,362</u>	<u>\$15,233,585</u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 5,848,000	\$ 5,848,000	\$ 6,278,968	\$ 430,968
Public Library	3,945,000	3,945,000	4,672,333	727,333
Intergovernmental	650,000	650,000	629,633	(20,367)
Patron Fines and Fees	120,000	120,000	213,989	93,989
Contributions, Gifts and Donations	20,000	20,000	35,718	15,718
Earnings on Investments	20,600	20,600	193,514	172,914
Miscellaneous	82,000	82,000	144,255	62,255
<i>Total Receipts</i>	<u>10,685,600</u>	<u>10,685,600</u>	<u>12,168,410</u>	<u>1,482,810</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	\$ 4,351,374	\$ 4,351,374	\$ 4,102,161	\$ 249,213
Collection Development and Processing	3,708,347	3,708,347	3,052,813	655,534
Support Services:				
Facilities Operation and Maintenance	1,288,600	1,288,600	1,027,631	260,969
Information Services	619,208	619,208	541,271	77,937
Business Administration	2,276,273	2,276,273	1,902,316	373,957
Capital Outlay	207,798	207,798	181,228	26,570
<i>Total Disbursements</i>	<u>12,451,600</u>	<u>12,451,600</u>	<u>10,807,420</u>	<u>1,644,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,766,000)	(1,766,000)	1,360,990	3,126,990
Other Financing Sources (Uses)				
Transfers Out	\$ (125,000)	\$ (125,000)	\$ (125,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,891,000)	(1,891,000)	1,235,990	3,126,990
<i>Unencumbered Fund Balance Beginning of Year</i>	8,529,393	8,529,393	8,529,393	-
Prior Year Encumbrances Appropriated	1,149,097	1,149,097	1,149,097	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 7,787,490</u>	<u>\$ 7,787,490</u>	<u>\$ 10,914,480</u>	<u>\$ 3,126,990</u>

See accompanying notes to the basic financial statements

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Description of the Library and Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County District Library, Medina County, Ohio, (the Library) as a body corporate and politic. Medina County District Library is a Library as defined by Section 3375.19 of the Ohio Revised Code.

A seven-member Board governs the Library, which provides the community with various educational and literacy resources. Of the seven Board members, three are appointed by the Judge of the Court of Common Pleas and four are appointed by the Board of the County Commissioners. All Board members are qualified electors of the Library District. Appointments are for seven-year terms and members serve without compensation. The officers of the Board are the president, vice president, and secretary, who are all elected and serve a term of one year.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

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 Medina County District Library are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

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.

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 all financial activities of the Library. Governmental activities generally are financed through the Public Library Fund and property taxes.

The statement of net position presents the cash basis financial condition of governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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 activity is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements During the year, the Library segregates 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. Nonmajor funds are aggregated and presented in a single 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 those through which most governmental functions of the Library are financed. Governmental funds reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. 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.

Debt Service Fund This fund is used to account for receipts that are restricted for the payment of general obligation bonds.

Building and Repair Fund This fund is used to account for receipts that are restricted for the repair and renovation of buildings, grounds and facilities.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Basis of Accounting

The Library's financial statements are prepared using the 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Budgetary Process

All funds are legally required to be appropriated. The Library Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at fund, function, and object level of control.

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 resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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. 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 of the cash management pool and investments with an original maturity of three months or less at the time they are purchased 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.

During 2022, investments were limited to STAR Ohio.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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 appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2022 amounted to \$193,514. Per the Library Board's policy, interest on investments are also received to other library funds as well.

Restricted Assets

Cash, cash equivalents, and investments 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 imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

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 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 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Leases

The Library is the lessee (as defined by GASB 87) in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the Library's cash basis of accounting. Lease disbursements are recognized when they are received/paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. In 2022, net position was restricted for \$943,393 in the debt service fund, \$12,373 in the permanent fund, and \$369,310 for other purposes.

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.

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 other 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the 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 by 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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as an assigned fund balance (cash basis). The encumbrances outstanding at year-end December 31, 2022 amounted to \$1,046,833 for the General Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands upon the Library treasury. Such 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

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. Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
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 (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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. At year end 2022, the Library had \$902 in undeposited cash on hand, which is included on the financial statements of the Library as part of “Equity in Pooled Cash and Cash Equivalents.”

Deposits

Custodial credit risk 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 2022, \$787,145 of the Library’s bank balance of \$5,926,010 which includes \$3,464,235 of non-negotiable Certificates of Deposit, was exposed to custodial credit risk because those deposits were uninsured and uncollateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Library’s name.

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, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured, unless the institution participates in the Treasurer of State’s OPCS program.

Investments

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

<u>Investment Type</u>	<u>Fair Value</u> <u>12/31/2022</u>	<u>Maturity(1)</u>	<u>Rating(2)</u>
STAR OHIO (investment pool)	\$8,769,600	31.9	Aaa
Money Market	\$775,110	Daily	AAAm

(1) Weighted Maturity - Days

(2) S&P

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 that 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 that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The money markets and Star Ohio are 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 Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, governing board, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 5 – Public Library Fund, Tax Receipts, and Tax Abatements

Public Library Fund

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 county’s PLF revenues and its population. The two library systems in the county have an agreed-upon schedule of allocation of the county’s PLF revenues through 2027 that is provided to the County Budget Commission. The Budget Commission allocates the PLF funds to the Library based on this formula. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

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 annually or 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 utility 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 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, and is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Public Library Fund, Tax Receipts, and Tax Abatements (continued)

Tax Abatements

Certain local governments including municipalities, townships and villages in the Library’s service district may have entered into abatement agreements that reduced the 2022 tax revenue received by the Library. According to the Medina County Auditor’s office, there were 12 different taxing districts that had abatement agreements in place, and the Library’s portion of abated taxes totaled \$136,167 for the 2021 tax year that was abated in 2022.

Note 6 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

Note 7 – Defined Benefit Pension Plan

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – All 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

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):

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
Formula:	Formula:	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

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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

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

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:

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
 2022 Actual Contribution Rates	
Employer:	
Pension:	14.0%
 Employee	 10.0%

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

For 2022, the Library’s contractually required contribution was \$655,024.

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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

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. 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 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’s contractually required contribution was \$10,334 for the year 2022.

Note 9 – Long-Term Liabilities

The changes in the Library’s long-term obligations during 2022 consist of the following:

Long-Term Liabilities	Principal Outstanding 1/1/2022	Reductions	Principal Outstanding 12/31/2022	Amounts Due in One Year
Governmental Activities 2022				
2011 Current Interest Bonds	\$ 5,800,000	\$ 2,875,000	\$ 2,925,000	\$ 2,925,000
2011 Capital Appreciation Bonds	45,000	-	45,000	45,000
Total	<u>\$ 5,845,000</u>	<u>\$ 2,875,000</u>	<u>\$ 2,970,000</u>	<u>\$ 2,970,000</u>

In 2003, the Library issued \$42,300,000 in general obligation bonds, at rates from 2% - 5.25% and maturity dates from 2004 through 2023, for renovations to three buildings and construction of three new buildings. The voters approved a tax levy to pay off the bonds over 20 years.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Long-Term Liabilities (Continued)

In 2011, the Library refunded a portion of the above 2003 Series Bond for \$25,020,000, at rates from 2%-5% and maturity dates from 2012 through 2023. The bonds are to be paid over 12 years. The amount paid to the Escrow agent was \$27,445,710, which is the amount left in its account held by its financial institution as of December 31, 2011. This amount is not reported in the Library’s cash balance.

This issue is comprised of both current interest bonds, par value \$24,975,000, and capital appreciation bonds, par value \$45,000. The interest rates on the current interest bonds range from 2%-5%. The capital appreciation bonds matured on December 1, 2019 (approximate initial offering yield at maturity 2.81%) at a redemption price equal to 100% of the principal, plus interest at the redemption date. The accreted value at maturity for the capital appreciation bonds is \$225,005.

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2022, are as follows:

Year Ending Dec. 31	Current Interest Bonds		Capital Appreciation Bonds		
	Principal	Interest	Principal	Interest	Total
2023	\$ 2,925,000		\$45,000	\$89,100	\$3,059,100
Total	\$ 2,925,000		\$45,000	\$89,100	\$3,059,100

Bonds will be paid from the Debt Service Fund.

Note 10 – 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.

Medina County District Library
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 10 – Fund Balances (Continued)

December 31, 2022					
Fund Balances	General	Debt Service Fund	Bldg./Repair Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Endowment for Non-Expendable Trust	\$ -	\$ -	\$ -	\$12,373	\$12,373
Total Nonspendable	-	-	-	12,373	12,373
Restricted for:					
Debt Service	-	943,393	-	-	943,393
Genealogy Activities	-	-	-	369,310	369,310
Total Restricted	-	943,393	-	369,310	1,312,703
Assigned to:					
Vendors	1,046,833	-	1,914,519	-	2,961,352
Other - Carryover used for 2023 Budget	455,354	-	-	-	455,354
Endowment Fund	-	-	-	32,679	32,679
Interest Accrued	-	-	-	32,679	32,679
Total Assigned	1,502,187	-	1,914,519	32,679	3,449,385
Unassigned:	10,459,124	-	-	-	10,459,124
<i>Total Fund Cash Balances, December 31</i>	<u>\$ 11,961,311</u>	<u>\$943,393</u>	<u>\$ 1,914,519</u>	<u>\$ 414,362</u>	<u>\$ 15,233,585</u>

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. 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 funding, either federal or state, cannot be estimated.

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

Medina County District Library
Medina County
210 South Broadway Street
Medina, Ohio 44256

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Medina County District Library, Medina County (the Library) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 23, 2024, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

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

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

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

Report on Compliance and Other Matters

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

However, we noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 23, 2024.

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.



Charles E. Harris & Associates, Inc.
May 23, 2024

OHIO AUDITOR OF STATE KEITH FABER



MEDINA COUNTY DISTRICT LIBRARY

MEDINA 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 7/9/2024

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

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