

**PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019





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Board of Trustees
Perry Cook Memorial Library
7406 County Road 242
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of Perry Cook Memorial Library, Morrow County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. 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. Perry Cook Memorial Library is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2021

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**PERRY COOK MEMORIAL LIBRARY
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Regular Audit
For the Years Ended December 31, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

Perry Cook Memorial Library
Morrow County
7406 County Road 242
Mount Gilead, Ohio 43338

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Perry Cook Memorial Library, Morrow County (the Library).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2020 and 2019, and the changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and the related notes of the Library, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements and Note 10 in the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021, on our consideration of the Library's internal control over financial reporting and on 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.
April 20, 2021

**Perry Cook Memorial Library
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Public Library	\$ 252,456	\$ -	\$ -	\$ -	\$ 252,456
Intergovernmental	11,115	25,000	-	-	36,115
Patron Fines and Fees	2,170	-	-	-	2,170
Contributions, Gifts and Donations	160	-	-	-	160
Earnings on Investments	3,400	3	-	99	3,502
Miscellaneous	21,151	-	-	-	21,151
Total Cash Receipts	290,452	25,003	-	99	315,554
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	103,350	-	-	-	103,350
Collection Development and Processing	30,750	-	-	-	30,750
Support Services:					
Facilities Operation and Maintenance	20,398	-	-	-	20,398
Information Services	4,075	-	-	-	4,075
Business Administration	65,421	3,674	-	-	69,095
Capital Outlay	2,673	14,475	4,990	-	22,138
Total Cash Disbursements	226,667	18,149	4,990	-	249,806
Net Change in Fund Cash Balances	63,785	6,854	(4,990)	99	65,748
Fund Cash Balances, January 1, 2020	109,530	-	455,196	7,868	572,594
Fund Cash Balances, December 31, 2020	\$ 173,315	\$ 6,854	\$ 450,206	\$ 7,967	\$ 638,342

See accompanying notes to the financial statements

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Perry Cook Memorial Library (the Library), Morrow County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Northmor Local School District's Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Public Entity Risk Pool

The Library participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for that entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Coronavirus Relief Fund - This fund accounts for a federal grant provided to public entities and restricted to use for COVID 19 expense mitigation, including but not limited to personal protective equipment, sanitation services and supplies, and administrative costs. Interest received from unexpended amounts is required to be directed back to the fund per federal guidelines.

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

Building Fund - This fund accounts for transfers from the General Fund and earnings on investments restricted for future library improvements and/or expansion.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies – (continued)

Fund Accounting – (continued)

Permanent Funds - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

Belle Cook Trust Fund - This fund accounts for endowments which have been invested in a certificate of deposit. Interest earnings on the investment may be used for library materials while the principal balance of \$5,000 is non-spendable.

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured 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.

Capital Assets

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies – (continued)

Fund Balance

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

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$280,820	\$290,452	\$9,632
Special Revenue Funds	25,000	25,003	3
Capital Projects	-	-	-
Permanent	-	99	99

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$260,392	\$236,421	\$23,971
Special Revenue Funds	25,000	25,000	-
Capital Projects	8,000	4,990	3,010
Permanent	500	500	-

Note 4 - Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Library also has amounts on deposit with a payroll company, which is included in the cash balance that are not part of this pool. A summary of the Library's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$97,985
Certificates of deposit	5,000
Other time deposits	22,014
Total deposits	124,999
STAR Ohio	513,343
Total investments	513,343
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$638,342

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 - Deposits and Investments (continued)

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Library is holding \$0.00 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 - Grants in Aid

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

Note 6- Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6- Risk Management – (continued)

Risk Pool Membership – (continued)

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019. (the latest information available)

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members’ Equity	<u>\$ 4,591,493</u>

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants’ gross salaries. The Library has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 - Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

Included in the fund balance are amounts the Library cannot spend including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitates effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 5,000	\$ 5,000
Outstanding Encumbrances	9,754	6,851	500	17,105
Total	<u>\$ 9,754</u>	<u>\$ 6,851</u>	<u>\$ 5,500</u>	<u>\$ 22,105</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds is restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, capital projects and permanent funds includes the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – Change in Accounting Principle

For 2020, the Library has made a change to their cash basis reporting model by removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 12 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods. The Library’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Perry Cook Memorial Library
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019**

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$ 252,928	\$ -	\$ -	\$ 252,928
Intergovernmental	11,405	-	-	11,405
Patron Fines and Fees	4,948	-	-	4,948
Contributions, Gifts and Donations	590	-	-	590
Earnings on Investments	3,856	4,964	37	8,857
Miscellaneous	2,296	-	-	2,296
Total Cash Receipts	276,023	4,964	37	281,024
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	113,847	-	-	113,847
Collection Development and Processing	45,337	-	-	45,337
Support Services:				
Facilities Operation and Maintenance	31,482	-	-	31,482
Information Services	4,853	-	-	4,853
Business Administration	54,515	-	-	54,515
Capital Outlay	2,038	-	-	2,038
Total Cash Disbursements	252,072	-	-	252,072
Net Change in Fund Cash Balances	23,951	4,964	37	28,952
Fund Cash Balances, January 1, 2019	85,579	450,232	7,831	543,642
Fund Cash Balances, December 31, 2019				
Nonspendable	-	-	5,000	5,000
Restricted	-	-	2,868	2,868
Assigned	10,837	455,196	-	466,033
Unassigned	98,693	-	-	98,693
Fund Cash Balances, December 31, 2019	\$ 109,530	\$ 455,196	\$ 7,868	\$ 572,594

See accompanying notes to the financial statements

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Perry Cook Memorial Library (the Library), Morrow County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Northmor Local School District's Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Public Entity Risk Pool

The Library participates in the Ohio Plan Risk Management (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for that entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Building Fund - This fund accounts for transfers from the General Fund and earnings on investments restricted for future library improvements and/or expansion.

Permanent Funds - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

Belle Cook Trust Fund - This fund accounts for endowments which have been invested in a certificate of deposit. Interest earnings on the investment may be used for library materials while the principal balance of \$5,000 is non-spendable.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies - (continued)

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured 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.

Capital Assets

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies - (continued)

Fund Balance

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

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$265,607	\$276,023	\$10,416
Capital Projects	-	4,964	4,964
Permanent	-	37	37

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$268,688	\$262,909	\$5,779
Capital Projects	-	-	-
Permanent	-	-	-

Note 4 - Deposits and Investments

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Deposits	
Demand deposits	\$ 80,700
Certificates of deposit	5,000
Other time deposits	16,913
Total Deposits	102,613
STAR Ohio	469,981
Total deposits and investments	\$ 572,594

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 - Grants in Aid

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

Note 6- Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6- Risk Management – (continued)

Risk Pool Membership – (continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 - Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Perry Cook Memorial Library
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Perry Cook Memorial Library
Morrow County
7406 County Road 242
Mount Gilead, Ohio 43338

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 cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and the related notes of the Perry Cook Memorial Library, Morrow County (the Library), and have issued our report thereon dated April 20, 2021, wherein we noted that the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library and several changes to its reporting model.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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

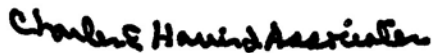
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 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 April 20, 2021.

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.
April 20, 2021

PERRY COOK MEMORIAL LIBRARY
MORROW COUNTY
For the Years Ended December 31, 2020 and 2019

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2018-001	Material Weakness – Internal Controls related to Disbursements	Corrected	
2018-002	Material Weakness – Financial Reporting	Corrected	
2018-003	Material Noncompliance – Disbursements exceeded appropriations	Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



PERRY COOK MEMORIAL PUBLIC LIBRARY

MORROW 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 7/6/2021

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

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