



OHIO AUDITOR OF STATE
KEITH FABER



**GEAUGA COUNTY PUBLIC LIBRARY
GEAUGA COUNTY
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management for the Year Ended December 31, 2021:	
Management's Discussion and Analysis	5
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	13
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	15
Notes to the Financial Statements	16
Prepared by Management for the Year Ended December 31, 2020:	
Management's Discussion and Analysis	37
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	43
Statement of Activities – Cash Basis	44
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	45
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds	46
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	47
Notes to the Financial Statements	48
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	69

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INDEPENDENT AUDITOR'S REPORT

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Geauga County Public Library, Geauga County, Ohio (the Library), as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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 opinions.

Emphasis of Matter

As discussed in Notes 14 and 16 to the 2021 financial statements and 2020 financial statements, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2022

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Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

The management's discussion and analysis of the Geauga County Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2021, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2021 are as follows:

- During 2021, total net position decreased as overall disbursements exceeded receipts mainly due to the continued spending for capital improvement projects as well as an increase in costs related to running various Library programs.
- During 2021, Library staff resumed normal hours. Buildings reopened to the public, including two new buildings of which construction was completed in the prior year. The Library resumed in-person programming while continuing to offer popular new services, such as curbside pickup and virtual programming.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the governmental-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present the financial statements on a cash basis of accounting. This approach is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable), and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2021, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as property taxes and Public Library Fund (PLF).

In the statement of net position and the statement of activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Governmental Funds The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's major governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the general fund, the debt service fund, the capital improvement fund and building and repair fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2021 compared to 2020 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2021	2020	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$17,136,052	\$18,618,321	(\$1,482,269)
Net Position			
Restricted for:			
Capital Projects	\$6,052,558	\$9,420,599	(\$3,368,041)
Debt Service	1,261,194	1,206,659	54,535
Unrestricted	9,822,300	7,991,063	1,831,237
<i>Total Net Position</i>	<u>\$17,136,052</u>	<u>\$18,618,321</u>	<u>(\$1,482,269)</u>

During 2021, total net position decreased as the Library continued making capital improvements and renovations throughout the Library system.

Table 2 reflects the changes in net position in 2021 compared to 2020 on a cash basis:

(Table 2)
Change in Net Position

	Governmental Activities		
	2021	2020	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$29,684	\$23,276	\$6,408
Operating Grants, Contributions and Interest	0	153,000	(153,000)
<i>Total Program Receipts</i>	<u>29,684</u>	<u>176,276</u>	<u>(146,592)</u>
<i>General Receipts</i>			
Property Taxes	6,664,485	6,653,756	10,729
Unrestricted Gifts and Contributions	32,548	9,680	22,868
Grants and Entitlements not Restricted to Specific Programs	4,031,708	3,656,481	375,227
Earnings on Investments	116,312	251,043	(134,731)
Miscellaneous	91,627	58,870	32,757
<i>Total General Receipts</i>	<u>10,936,680</u>	<u>10,629,830</u>	<u>306,850</u>
<i>Total Receipts</i>	<u>\$10,966,364</u>	<u>\$10,806,106</u>	<u>\$160,258</u>

(continued)

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

(Table 2)
Change in Net Position (continued)

	Governmental Activities		
	2021	2020	Change
Disbursements			
Current:			
Library Services:			
Public Services and Programs	\$3,006,965	\$2,778,693	(\$228,272)
Collection Development and Processing	1,465,689	1,338,021	(127,668)
Support Services:			
Facilities Operation and Maintenance	1,052,389	1,213,920	161,531
Information Services	586,278	629,683	43,405
Business Administration	1,172,843	1,088,422	(84,421)
Capital Outlay	3,784,719	12,354,486	8,569,767
Debt Service:			
Principal Retirement	510,000	495,000	(15,000)
Interest and Fiscal Charges	869,750	879,775	10,025
<i>Total Disbursements</i>	<u>12,448,633</u>	<u>20,778,000</u>	<u>8,329,367</u>
Change in Net Position	(1,482,269)	(9,971,894)	(8,169,109)
Net Position Beginning of Year	<u>18,618,321</u>	<u>28,590,215</u>	<u>(9,971,894)</u>
Net Position End of Year	<u><u>\$17,136,052</u></u>	<u><u>\$18,618,321</u></u>	<u><u>(\$18,141,003)</u></u>

Operating grants, contributions and interest program receipts decreased due to a decrease in federal grants, namely the CARES act grant. Property taxes and grants and entitlements not restricted to specific programs for 2021 are 97.54 percent of total receipts. Property taxes increased as the Library continued to receive collections on a .50 mill bond levy that was passed in 2017. Interest receipts decreased during 2021 due to decreased cash available to invest and lower interest rates.

Disbursements for library services represent the costs of running the Library. Disbursements for support services represent the overhead costs of running the Library and the support services provided for the other Library activities. Disbursements for capital outlay represent costs for capital projects for the Library. Capital outlay decreased as the Library made fewer various improvements to its facilities. Overall, total disbursements decreased in 2021 due to a decrease in spending related to capital improvement projects. However, the Library continues to diligently monitor their spending and lowering costs of services.

Governmental Activities

If you look at the statement of activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are library services, support services, and capital outlay. The next column of the statement, under 'Program Cash Receipts,' identifies amounts paid by those who are directly charged

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

for the service. The 'Net (Disbursements) Receipts and Changes in Net Position' column compares the program receipts to the cost of the services. This net cost amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Disbursements				
Current:				
Library Services:				
Public Services and Programs	\$3,006,965	\$2,977,281	\$2,778,693	\$2,755,417
Collection Development and Processing	1,465,689	1,465,689	1,338,021	1,338,021
Support Services:				
Facilities Operation and Maintenance	1,052,389	1,052,389	1,213,920	1,143,866
Information Services	586,278	586,278	629,683	629,683
Business Administration	1,172,843	1,172,843	1,088,422	1,088,422
Capital Outlay	3,784,719	3,784,719	12,354,486	12,271,540
Debt Service	1,379,750	1,379,750	1,374,775	1,374,775
<i>Total Disbursements</i>	\$12,448,633	\$12,418,949	\$20,778,000	\$20,601,724

The Library's Funds

Total governmental funds had receipts in 2021 of \$10,966,364 and disbursements of \$12,448,633. The fund balance of the general fund increased \$2,196,405 in 2021 primarily due to higher-than-expected revenue from the Public Library Fund and local property tax levies. The fund balance of the capital improvement fund decreased \$3,368,041 in 2021 primarily due to new building construction during 2021. The fund balance of the debt service fund increased \$54,535 primarily due to revenues outpacing disbursements during the current year.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2021, the Library's general fund budget was stable. Actual receipts were higher than final budgeted receipts, primarily due to higher than expected property and other local tax receipts. Final disbursements for 2021 were budgeted at \$8,651,992, while actual disbursements were \$7,710,976. Maintaining actual disbursements below projected levels allowed the Library to carryover a positive fund balance at year end.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

Debt Administration

At December 31, 2021, the Library had Library Improvement Bonds and equipment leases. See Notes 9 and 10 for additional information.

Current Issues

The Library encountered a significant turnover in staff including hiring a new director and many public services management staff.

The Library is experiencing the same staffing issues as other businesses. The Library is also dealing with the effects of inflation and supply chain issues which continue to increase expenses for supplies and equipment.

The challenge for all Ohio libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Havlin, Fiscal Officer, Geauga County Public Library, 12701 Ravenwood Drive, Chardon, Ohio 44024.

Geauga County Public Library
Geauga County
Statement of Net Position - Cash Basis
December 31, 2021

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$17,136,052</u>
Net Position	
Restricted for:	
Capital Projects	\$6,052,558
Debt Service	1,261,194
Unrestricted	<u>9,822,300</u>
<i>Total Net Position</i>	<u>\$17,136,052</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Net (Disbursements)</u> <u>Receipts and Changes</u> <u>in Net Position</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities			
Current:			
Library Services:			
Public Services and Programs	\$3,006,965	\$29,684	(\$2,977,281)
Collection Development and Processing	1,465,689	0	(1,465,689)
Support Services:			
Facilities Operation and Maintenance	1,052,389	0	(1,052,389)
Information Services	586,278	0	(586,278)
Business Administration	1,172,843	0	(1,172,843)
Capital Outlay	3,784,719	0	(3,784,719)
Debt Service:			
Principal Retirement	510,000	0	(510,000)
Interest and Fiscal Charges	869,750	0	(869,750)
<i>Total Governmental Activities</i>	<u>\$12,448,633</u>	<u>\$29,684</u>	<u>(12,418,949)</u>
General Receipts:			
Property Taxes Levied for General Purposes			6,664,485
Unrestricted Gifts and Contributions			32,548
Grants and Entitlements not Restricted to Specific Program			4,031,708
Earnings on Investments			116,312
Miscellaneous			91,627
<i>Total General Receipts</i>			<u>10,936,680</u>
Change in Net Position			(1,482,269)
<i>Net Position Beginning of Year</i>			<u>18,618,321</u>
<i>Net Position End of Year</i>			<u>\$17,136,052</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2021

	General	Debt Service	Capital Improvement	Building and Repair Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,953,273	\$1,261,194	\$6,052,558	\$2,869,027	\$17,136,052
Fund Balances					
Restricted	\$0	\$1,261,194	\$6,052,558	\$0	\$7,313,752
Assigned	2,373,715	0	0	2,869,027	5,242,742
Unassigned	4,579,558	0	0	0	4,579,558
<i>Total Fund Balances</i>	<u>\$6,953,273</u>	<u>\$1,261,194</u>	<u>\$6,052,558</u>	<u>\$2,869,027</u>	<u>\$17,136,052</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service	Capital Improvement	Building and Repair Fund	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$5,235,490	\$1,428,995	\$0	\$0	\$6,664,485
Intergovernmental	4,006,745	24,963	0	0	4,031,708
Patron Fines and Fees	29,684	0	0	0	29,684
Contributions, Gifts and Donations	32,548	0	0	0	32,548
Earnings on Investments	8,749	905	106,658	0	116,312
Miscellaneous	91,627	0	0	0	91,627
<i>Total Receipts</i>	<u>9,404,843</u>	<u>1,454,863</u>	<u>106,658</u>	<u>0</u>	<u>10,966,364</u>
Disbursements					
Current:					
Library Services:					
Public Services and Programs	3,006,965	0	0	0	3,006,965
Collection Development and Processing	1,465,689	0	0	0	1,465,689
Support Services:					
Facilities Operation and Maintenance	879,860	0	122,850	49,679	1,052,389
Information Services	586,278	0	0	0	586,278
Business Administration	1,152,265	20,578	0	0	1,172,843
Capital Outlay	117,381	0	3,351,849	315,489	3,784,719
Debt Service:					
Principal Retirement	0	510,000	0	0	510,000
Interest and Fiscal Charges	0	869,750	0	0	869,750
<i>Total Disbursements</i>	<u>7,208,438</u>	<u>1,400,328</u>	<u>3,474,699</u>	<u>365,168</u>	<u>12,448,633</u>
<i>Net Change in Fund Balances</i>	2,196,405	54,535	(3,368,041)	(365,168)	(1,482,269)
<i>Fund Balances Beginning of Year</i>	<u>4,756,868</u>	<u>1,206,659</u>	<u>9,420,599</u>	<u>3,234,195</u>	<u>18,618,321</u>
<i>Fund Balances End of Year</i>	<u>\$6,953,273</u>	<u>\$1,261,194</u>	<u>\$6,052,558</u>	<u>\$2,869,027</u>	<u>\$17,136,052</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$4,896,395	\$4,937,921	\$5,235,490	\$297,569
Intergovernmental	3,252,918	3,155,826	4,006,745	850,919
Patron Fines and Fees	35,000	35,000	29,684	(5,316)
Contributions, Gifts and Donations	1,500	1,500	32,548	31,048
Earnings on Investments	60,200	60,200	8,749	(51,451)
Miscellaneous	24,500	24,500	91,627	67,127
<i>Total Receipts</i>	<u>8,270,513</u>	<u>8,214,947</u>	<u>9,404,843</u>	<u>1,189,896</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,619,087	3,442,576	3,014,600	427,976
Collection Development and Processing	1,839,100	1,804,184	1,617,094	187,090
Support Services:				
Facilities Operation and Maintenance	1,037,553	1,035,341	941,852	93,489
Information Services	665,415	640,015	625,219	14,796
Business Administration	1,356,480	1,295,518	1,227,930	67,588
Capital Outlay	134,357	434,358	284,281	150,077
<i>Total Disbursements</i>	<u>8,651,992</u>	<u>8,651,992</u>	<u>7,710,976</u>	<u>941,016</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(381,479)	(437,045)	1,693,867	2,130,912
Other Financing Uses				
Transfers Out	(500,000)	(2,000,000)	0	2,000,000
<i>Net Change in Fund Balance</i>	(881,479)	(2,437,045)	1,693,867	4,130,912
<i>Fund Balance Beginning of Year</i>	4,499,856	4,499,856	4,499,856	0
Prior Year Encumbrances Appropriated	257,012	257,012	257,012	0
<i>Fund Balance End of Year</i>	<u>\$3,875,389</u>	<u>\$2,319,823</u>	<u>\$6,450,735</u>	<u>\$4,130,912</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Geauga County Public Library was organized as a county district public library in 1963 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Geauga County Commissioners and the Geauga County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, possessing and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director, Fiscal Officer, and Deputy Fiscal Officer to administer the day-to-day operations of the Library.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, “The Financial Reporting Entity: Omnibus,” the Library is considered a related organization of Geauga County.

The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. 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 those decisions are made, the County Commissioners must place the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library.

The Library participates in a public entity risk pool, the Stark County Schools Council of Government (“the Council”). Note 11 to the basic financial statements provides additional information for this entity.

The Geauga County Library Foundation and Partners is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Geauga County Public Library does not receive amounts from the Geauga County Library Foundation and Partners that the State would consider significant. Therefore, the organization has been excluded from the reporting entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, the financial statements of the Library have been prepared 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. The most significant of the Library’s accounting policies are as follows.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position, 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 the financial activities of the Library. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. However, the Library has only governmental activities; therefore, no business-type activities are presented.

The statement of net position present the cash balances 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 activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service. 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. 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major 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 activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The following are the Library's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be 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 The debt service fund accounts for and reports revenues derived from property taxes. These monies are restricted for debt payments.

Capital Improvement Fund The capital improvement fund accounts for and reports revenues derived from general obligation notes and bonds. These monies are restricted for construction and renovation of Library buildings.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Building and Repair Fund The building and repair capital projects fund accounts for and reports transfers from the general fund assigned for repairs to be made throughout the library system.

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.

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

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

The appropriations 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. 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 Library's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Library 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.

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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 2021, investments were limited to STAR Ohio, donated stock, negotiable certificates of deposit, and money market accounts. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The Library's money market mutual fund investment is recorded at the amount reported by First National Bank on December 31, 2021.

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

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2021 amounted to \$8,749, none of which was assigned from other Library funds.

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 postretirement health care benefits.

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

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

recording a capital asset when entering into a capital lease 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.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for grant purposes and those restricted by the donor purpose.

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

Fund Balance

Fund balance is divided into four 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 the 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) they employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than 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 Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Library Trustees assigned fund balance to cover a gap between estimated revenue and appropriations in the 2022 appropriated budget.

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.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

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

Note 3 – Budgetary 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 – budgetary 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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$502,538 for the general fund.

Note 4 – Deposits and Investments

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

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

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

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the 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. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceeds 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;
4. Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit or by savings or deposit accounts, including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, or political subdivisions of Ohio, provided that, with respect to bonds or other obligations of political subdivisions, (a) the bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision, (b) the bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer, (c) the aggregate value of the bonds or other obligations does not exceed twenty percent of interim monies available for investment at the time of purchase, and (d) the Library is not the sole purchaser of the bonds or other obligations at original issuance;
6. No-load money market mutual funds, rated in the highest category at the time of purchase by at least one nationally recognized rating agency, investing exclusively in obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio) and any other investment alternative offered to political subdivisions by the Treasurer of State;
8. Up to forty percent of interim monies available for investment in either commercial paper notes or bankers acceptances. Investment in commercial paper notes is limited to notes issued by an entity that is defined in section 1705.01(D) of the Ohio Revised Code and that has assets exceeding five hundred million dollars, and (a) the notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services, (b) the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporations, (c) the notes mature not later than two hundred seventy days after purchase, and (d) the investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase. Investment in bankers acceptances is limited to acceptances of banks that are insured by the FDIC and that mature not later than one hundred eighty days after purchase; and
9. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

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. 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.

Investments

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

Investment	Measurement Amount	Maturity	Moody's	Percent of Total Investments
STAR Ohio	\$1,191,851	Average 51.3 Days		N/A
Money Market	835,188	Less Than One Year	AAA	11.42%
Negotiable Certificates of Deposit	<u>5,285,161</u>	Less Than Two Years	N/A	72.28%
Total Portfolio	<u><u>\$7,312,200</u></u>			

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

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

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. The Library's money market account is exposed to custodial credit risk in that it is 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, investing authority, 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."

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 – Grants in Aid and Property Taxes

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. 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’s taxing district. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

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

Real property taxes are payable 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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2021, was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$3,167,611,180
Public Utility Personal Property	<u>116,109,520</u>
Total	<u><u>\$3,283,720,700</u></u>

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.

Tax Abatements

For 2021, The Library’s property taxes were reduced by \$15,037 under various tax abatement agreements entered into by the following subdivisions:

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Overlapping Government	Amount of 2021 Taxes Abated
<i>Community Reinvestment Areas:</i>	
City of Chardon	\$9,899
Parkman Township	1,861
Village of Middlefield	3,261
Bainbridge Township	16

Note 6 – Risk Management

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

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

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 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent 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 percent 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 percent 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 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33 percent to 55 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 771 and 776 members as of December 31, 2020 and 2019, respectively (latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2020 and 2019 (latest information available).

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

	<u>2020</u>	<u>2019</u>
Assets	\$18,826,974	\$15,920,504
Liabilities	<u>(13,530,267)</u>	<u>(11,329,011)</u>
Members' Equity	<u>\$5,296,707</u>	<u>\$4,591,493</u>

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

Workers’ Compensation

The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Employee Health, Dental, and Vision

The Library has contracted with the Stark County Schools Council of Government (the Council) Health Benefits Program to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays 80 percent of the premium for full-time employee medical and dental coverage. Employees pay the remainder of the premium for medical and dental coverage. The monthly premiums paid by the Library for 2021 totaled \$48,069.

Note 7 – Defined Benefit Pension Plan

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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-

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

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), 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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

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

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

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

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

For 2021, The Library's contractually required contribution was \$456,309 for the traditional plan, \$11,053 for the combined plan and \$24,014 for the member-directed plan.

Note 8 – Defined Benefit OPEB Plans

Ohio Public Employees Retirement System (OPERS)

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

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

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

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

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 and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$9,606 for 2021.

Note 9 – Long-Term Obligations

Original issue amounts and interest rates of the Library's debt issues are as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
Governmental Activities:			
<i>General Obligation Bonds:</i>			
Library Improvement Bonds, Series A	2.00 - 5.00	\$14,000,000	2047
Library Improvement Bonds, Series B	2.50 - 4.00	9,920,000	2042

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

A schedule of changes in bonds and other long-term obligations of the Library during 2021 follows:

	Amount Outstanding 12/31/2020	Additions	Deletions	Amount Outstanding 12/31/2021	Amounts Due In One Year
Governmental Activities Obligations:					
<i>General Obligation Bonds:</i>					
Library Improvement, Series A	\$12,790,000	\$0	(\$485,000)	\$12,305,000	\$505,000
Library Improvement, Series A - Premium	580,003	0	(22,025)	557,978	0
Library Improvement, Series A - Discount	(149,222)	0	5,667	(143,555)	0
Library Improvement, Series B	9,845,000	0	(25,000)	9,820,000	25,000
Library Improvement, Series B - Premium	257,310	0	(12,015)	245,295	0
Library Improvement, Series B - Discount	(87,252)	0	4,074	(83,178)	0
<i>Total Governmental Activities Obligations</i>	<u>\$23,235,839</u>	<u>\$0</u>	<u>(\$534,299)</u>	<u>\$22,701,540</u>	<u>\$530,000</u>

During 2018, the Library issued \$14,000,000 in Library Improvement, Series A, General Obligation Bonds for the purpose of constructing, renovating and improving Library facilities. The bonds were sold at a premium of \$638,737 and a discount of \$164,334. These Library Improvement, Series A, General Obligation Bonds will be paid from property tax revenues in the debt service fund.

The Library Improvement, Series A, General Obligation Bonds maturing on December 1, 2030, 2043 and 2047 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue		
	\$1,185,000	\$3,420,000	\$4,995,000
2027	\$600,000	\$0	\$0
2028	375,000	0	0
2029	100,000	0	0
2031	0	175,000	0
2032	0	175,000	0
2033	0	170,000	0
2034	0	175,000	0
2035	0	175,000	0
2036	0	175,000	0
2037	0	170,000	0
2038	0	170,000	0
2039	0	180,000	0
2040	0	240,000	0
2041	0	245,000	0
2042	0	240,000	0
2044	0	0	1,185,000
2045	0	0	1,225,000
2046	0	0	1,270,000
Total mandatory sinking fund payments	<u>1,075,000</u>	<u>2,290,000</u>	<u>3,680,000</u>
Amount due at stated maturity	110,000	1,130,000	1,315,000
Total	<u>\$1,185,000</u>	<u>\$3,420,000</u>	<u>\$4,995,000</u>
<i>Stated Maturity</i>	<u>12/1/2030</u>	<u>12/1/2043</u>	<u>12/1/2047</u>

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

During 2018, the Library issued \$9,920,000 in Library Improvement, Series B, General Obligation Bonds for the purpose of bonding previously issued notes for the purpose of constructing, renovating and improving library facilities. The bonds were sold at a premium of \$288,348 and a discount of \$97,777. These Library Improvement, Series B, General Obligation Bonds will be paid from property tax revenues in the debt service fund.

The Library Improvement, Series B, General Obligation Bonds maturing on December 1, 2028 and 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue	
	\$300,000	\$3,965,000
2026	\$25,000	\$0
2027	25,000	0
2038	0	765,000
2039	0	790,000
2040	0	765,000
2041	0	800,000
Total mandatory sinking fund payments	50,000	3,120,000
Amount due at stated maturity	250,000	845,000
Total	\$300,000	\$3,965,000
<i>Stated Maturity</i>	<i>12/1/2028</i>	<i>12/1/2042</i>

The Library's overall legal debt margin was \$274,671,057 at December 31, 2021. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2021, are as follows:

	General Obligation Bonds	
	Principal	Interest
2022	\$530,000	\$849,726
2023	550,000	828,900
2024	565,000	815,150
2025	585,000	792,862
2026	600,000	778,174
2027-2031	3,270,000	3,570,986
2032-2036	3,965,000	2,877,700
2037-2041	4,850,000	1,989,048
2042-2046	5,895,000	930,644
2047	1,315,000	47,684
Total	\$22,125,000	\$13,480,874

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 – Leases

The Library leases copiers under noncancelable leases. The Library disbursed \$19,488 to pay lease costs for the year ended December 31, 2021. Future lease payments are as follows:

	Amounts
2022	\$23,842
2023	23,533
2024	22,606
2025	22,606
2026	16,956
Present Value of Minimum Lease Payments	\$109,543

Note 11 – Public Entity Risk Pool

During 2021, the Library participated in the Stark County Schools Council of Government (the Council). The Council is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool. Financial information can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

Note 12 – 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 as follows:

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Fund Balances	General	Debt Service	Capital Improvements	Building and Repair Fund	Total Governmental Funds
<u>Restricted for:</u>					
Capital Improvement Projects	\$0	\$0	\$6,052,558	\$0	\$6,052,558
Debt Payments	0	1,261,194	0	0	1,261,194
<i>Total Restricted</i>	<u>0</u>	<u>1,261,194</u>	<u>6,052,558</u>	<u>0</u>	<u>7,313,752</u>
<u>Assigned to:</u>					
Capital Improvement Projects	0	0	0	2,869,027	2,869,027
Purchases on Order:					
Library Services	159,040	0	0	0	159,040
Support Services	176,597	0	0	0	176,597
Capital Outlay	166,901	0	0	0	166,901
2022 Operations	1,871,177	0	0	0	1,871,177
<i>Total Assigned</i>	<u>2,373,715</u>	<u>0</u>	<u>0</u>	<u>2,869,027</u>	<u>5,242,742</u>
Unassigned	4,579,558	0	0	0	4,579,558
Total Fund Balances	<u><u>\$6,953,273</u></u>	<u><u>\$1,261,194</u></u>	<u><u>\$6,052,558</u></u>	<u><u>\$2,869,027</u></u>	<u><u>\$17,136,052</u></u>

Note 13 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General	\$502,538
Capital Improvement	285,202
Building and Repair Fund	<u>129,887</u>
Total Governmental	<u><u>\$917,627</u></u>

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Contractual Commitments

At December 31, 2021, the Library's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid to Date</u>	<u>Remaining Contract</u>
Donley's Inc - Library Construction	\$16,273,589	\$16,052,713	\$220,876
Teltron Design Group - Library Construction Design Fees	146,443	146,443	0
CBLH Architects - Library Construction Architect	<u>2,616,848</u>	<u>2,553,722</u>	<u>63,126</u>
Total	<u>\$19,036,880</u>	<u>\$18,752,878</u>	<u>\$284,002</u>

The amounts remaining on these contracts were encumbered at year end.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2020
Unaudited

The management's discussion and analysis of the Geauga County Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2020, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2020 are as follows:

- During 2020, total net position decreased as overall disbursements exceeded receipts mainly due to the continued increase in spending for capital improvement projects.
- During 2020, the Library completed the construction of two new buildings with an estimated total cost of \$20 million.
- Total disbursements increased in 2020 mainly due to spending for capital improvements.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the governmental-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present the financial statements on a cash basis of accounting. This approach is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2020
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable), and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2020, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as property taxes and Public Library Fund (PLF).

In the statement of net position and the statement of activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Governmental Funds The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's major governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the general fund, the capital improvement fund, the debt service fund and building and repair fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2020
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2020 compared to 2019 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		
	2020	2019	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$18,618,321	\$28,590,215	(\$9,971,894)
Net Position			
Restricted for:			
Capital Projects	\$9,420,599	\$21,468,843	(\$12,048,244)
Debt Service	1,206,659	1,081,360	125,299
Unrestricted	7,991,063	6,040,012	1,951,051
<i>Total Net Position</i>	\$18,618,321	\$28,590,215	(\$9,971,894)

During 2020, total net position decreased as the Library continued making capital improvements and renovations throughout the Library system.

Table 2 reflects the changes in net position in 2020 compared to 2019 on a cash basis:

(Table 2)
Change in Net Position

	Governmental Activities		
	2020	2019	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$23,276	\$74,520	(\$51,244)
Operating Grants, Contributions and Interest	153,000	0	153,000
<i>Total Program Receipts</i>	176,276	74,520	101,756
<i>General Receipts</i>			
Property Taxes	6,653,756	6,553,960	99,796
Unrestricted Gifts and Contributions	9,680	7,981	1,699
Grants and Entitlements not Restricted to Specific Programs	3,656,481	3,654,250	2,231
Earnings on Investments	251,043	758,904	(507,861)
Miscellaneous	58,870	34,903	23,967
<i>Total General Receipts</i>	10,629,830	11,009,998	(380,168)
<i>Total Receipts</i>	\$10,806,106	\$11,084,518	(\$278,412)

(continued)

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2020
Unaudited

(Table 2)
Change in Net Position (continued)

	Governmental Activities		
	2020	2019	Change
Disbursements			
Current:			
Library Services:			
Public Services and Programs	\$2,778,693	\$3,551,898	\$773,205
Collection Development and Processing	1,338,021	1,528,515	190,494
Support Services:			
Facilities Operation and Maintenance	1,213,920	1,830,470	616,550
Information Services	629,683	631,777	2,094
Business Administration	1,088,422	1,109,813	21,391
Capital Outlay	12,354,486	1,984,510	(10,369,976)
Debt Service:			
Principal Retirement	495,000	485,000	(10,000)
Interest and Fiscal Charges	879,775	894,200	14,425
<i>Total Disbursements</i>	<u>20,778,000</u>	<u>12,016,183</u>	<u>(8,761,817)</u>
Change in Net Position	(9,971,894)	(931,665)	8,483,405
Net Position Beginning of Year	<u>28,590,215</u>	<u>29,521,880</u>	<u>(931,665)</u>
Net Position End of Year	<u><u>\$18,618,321</u></u>	<u><u>\$28,590,215</u></u>	<u><u>\$7,551,740</u></u>

Property taxes and grants and entitlements not restricted to specific programs for 2020 are 95.41 percent of total receipts. Property taxes increased as the Library continued to receive collections on a .50 mill bond levy that was passed in 2017. Interest receipts decreased during 2020 due to lower interest rates.

Disbursements for library services represent the costs of running the Library. Disbursements for support services represent the overhead costs of running the Library and the support services provided for the other Library activities. Disbursements for capital outlay represent costs for capital projects for the Library. Capital outlay increased as the Library made various improvements to its facilities. Overall, total disbursements increased in 2020 due to an increase in spending related to capital improvement projects. However, the Library continues to diligently monitor their spending and lowering costs of services.

Governmental Activities

If you look at the statement of activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are library services, support services, and capital outlay. The next column of the statement, under 'Program Cash Receipts,' identifies amounts paid by those who are directly charged for the service. The 'Net (Disbursements) Receipts and Changes in Net Position' column compares the program receipts to the cost of the services. This net cost amount represents the cost of the service, which

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2020
Unaudited

ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	2020		2019	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	\$2,778,693	\$2,755,417	\$3,551,898	\$3,477,378
Collection Development and Processing	1,338,021	1,338,021	1,528,515	1,528,515
Support Services:				
Facilities Operation and Maintenance	1,213,920	1,143,866	1,830,470	1,830,470
Information Services	629,683	629,683	631,777	631,777
Business Administration	1,088,422	1,088,422	1,109,813	1,109,813
Capital Outlay	12,354,486	12,271,540	1,984,510	1,984,510
Debt Service	1,374,775	1,374,775	1,379,200	1,379,200
<i>Total Disbursements</i>	<u>\$20,778,000</u>	<u>\$20,601,724</u>	<u>\$12,016,183</u>	<u>\$11,941,663</u>

The Library's Funds

Total governmental funds had receipts in 2020 of \$10,806,106 and disbursements of \$20,778,000. The fund balance of the general fund increased \$1,589,059 in 2020 primarily due to impacts of the COVID-19 pandemic. The Library laid staff off in 2020 which reduced personnel costs and was the main factor behind the increase. The fund balance of the capital improvement fund decreased \$12,048,244 in 2020 primarily due to new building construction during 2020. The fund balance of the debt service fund increased \$125,299 primarily due to an increase in property taxes revenue received.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2020, the Library's general fund budget was stable. Actual receipts were higher than final budgeted receipts, primarily due to higher than expected property and other local tax receipts. Final disbursements for 2020 were budgeted at \$8,373,585, while actual disbursements were \$6,853,594. Maintaining actual disbursements below projected levels allowed the Library to carryover a positive fund balance at year end.

Geauga County Public Library
Geauga County
Management's Discussion and Analysis
For the Year December 31, 2020
Unaudited

Debt Administration

At December 31, 2020, the Library had Library Improvement Bonds and equipment leases. See Notes 9 and 10 for additional information.

Current Issues

The Library was impacted by the COVID-19 pandemic during 2020. As a result, the Library laid off a significant amount of staff required to cut costs and continue operating during uncertain conditions.

The challenge for all Ohio libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Havlin, Fiscal Officer, Geauga County Public Library, 12701 Ravenwood Drive, Chardon, Ohio 44024.

Geauga County Public Library
Geauga County
Statement of Net Position - Cash Basis
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$18,618,321</u>
Net Position	
Restricted for:	
Capital Projects	\$9,420,599
Other Purposes	1,206,659
Unrestricted	<u>7,991,063</u>
<i>Total Net Position</i>	<u>\$18,618,321</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2020

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$2,778,693	\$23,276	\$0	(\$2,755,417)
Collection Development and Processing	1,338,021	0	0	(1,338,021)
Support Services:				
Facilities Operation and Maintenance	1,213,920	0	70,054	(1,143,866)
Information Services	629,683	0	0	(629,683)
Business Administration	1,088,422	0	0	(1,088,422)
Capital Outlay	12,354,486	0	82,946	(12,271,540)
Debt Service:				
Principal Retirement	495,000	0	0	(495,000)
Interest and Fiscal Charges	879,775	0	0	(879,775)
<i>Total Governmental Activities</i>	<u>\$20,778,000</u>	<u>\$23,276</u>	<u>\$153,000</u>	<u>(20,601,724)</u>
General Receipts:				
Property Taxes Levied for General Purposes				6,653,756
Unrestricted Gifts and Contributions				9,680
Grants and Entitlements not Restricted to Specific Programs				3,656,481
Earnings on Investments				251,043
Miscellaneous				58,870
<i>Total General Receipts</i>				<u>10,629,830</u>
Change in Net Position				(9,971,894)
<i>Net Position Beginning of Year</i>				<u>28,590,215</u>
<i>Net Position End of Year</i>				<u>\$18,618,321</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2020

	General	Capital Improvement	Debt Service	Building and Repair Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,756,868	\$9,420,599	\$1,206,659	\$3,234,195	\$18,618,321
Fund Balances					
Restricted	\$0	\$9,420,599	\$1,206,659	\$0	\$10,627,258
Assigned	881,479	0	0	3,234,195	4,115,674
Unassigned	3,875,389	0	0	0	3,875,389
<i>Total Fund Balances</i>	<u>\$4,756,868</u>	<u>\$9,420,599</u>	<u>\$1,206,659</u>	<u>\$3,234,195</u>	<u>\$18,618,321</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Capital Improvement	Debt Service	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$5,172,337	\$0	\$1,481,419	\$0	\$0	\$6,653,756
Intergovernmental	3,627,244	0	29,237	0	153,000	3,809,481
Patron Fines and Fees	23,276	0	0	0	0	23,276
Contributions, Gifts and Donations	9,680	0	0	0	0	9,680
Earnings on Investments	44,234	199,304	7,505	0	0	251,043
Miscellaneous	58,870	0	0	0	0	58,870
<i>Total Receipts</i>	<u>8,935,641</u>	<u>199,304</u>	<u>1,518,161</u>	<u>0</u>	<u>153,000</u>	<u>10,806,106</u>
Disbursements						
Current:						
Library Services:						
Public Services and Programs	2,778,693	0	0	0	0	2,778,693
Collection Development and Processing	1,338,021	0	0	0	0	1,338,021
Support Services:						
Facilities Operation and Maintenance	745,138	389,953	0	8,775	70,054	1,213,920
Information Services	629,683	0	0	0	0	629,683
Business Administration	1,070,335	0	18,087	0	0	1,088,422
Capital Outlay	34,712	11,857,595	0	379,233	82,946	12,354,486
Debt Service:						
Principal Retirement	0	0	495,000	0	0	495,000
Interest and Fiscal Charges	0	0	879,775	0	0	879,775
<i>Total Disbursements</i>	<u>6,596,582</u>	<u>12,247,548</u>	<u>1,392,862</u>	<u>388,008</u>	<u>153,000</u>	<u>20,778,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,339,059</u>	<u>(12,048,244)</u>	<u>125,299</u>	<u>(388,008)</u>	<u>0</u>	<u>(9,971,894)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	750,000	0	750,000
Transfers Out	(750,000)	0	0	0	0	(750,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(750,000)</u>	<u>0</u>	<u>0</u>	<u>750,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,589,059	(12,048,244)	125,299	361,992	0	(9,971,894)
<i>Fund Balances Beginning of Year</i>	<u>3,167,809</u>	<u>21,468,843</u>	<u>1,081,360</u>	<u>2,872,203</u>	<u>0</u>	<u>28,590,215</u>
<i>Fund Balances End of Year</i>	<u>\$4,756,868</u>	<u>\$9,420,599</u>	<u>\$1,206,659</u>	<u>\$3,234,195</u>	<u>\$0</u>	<u>\$18,618,321</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$5,000,517	\$5,051,018	\$5,172,337	\$121,319
Intergovernmental	3,563,928	3,569,352	3,627,244	57,892
Patron Fines and Fees	34,723	34,950	23,276	(11,674)
Contributions, Gifts and Donations	6,706	6,750	9,680	2,930
Earnings on Investments	138,247	139,150	44,234	(94,916)
Miscellaneous	24,341	24,500	58,870	34,370
<i>Total Receipts</i>	<u>8,768,462</u>	<u>8,825,720</u>	<u>8,935,641</u>	<u>109,921</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,527,224	3,527,224	2,886,955	640,269
Collection Development and Processing	1,698,460	1,698,460	1,390,152	308,308
Support Services:				
Facilities Operation and Maintenance	945,865	945,865	774,170	171,695
Information Services	799,309	799,309	654,216	145,092
Business Administration	1,358,664	1,358,664	1,112,037	246,628
Capital Outlay	44,063	44,063	36,064	7,998
<i>Total Disbursements</i>	<u>8,373,585</u>	<u>8,373,585</u>	<u>6,853,594</u>	<u>1,519,991</u>
<i>Excess of Receipts Over Disbursements</i>	394,877	452,135	2,082,047	1,629,912
Other Financing Uses				
Transfers Out	(921,366)	(921,366)	(750,000)	171,366
<i>Net Change in Fund Balance</i>	(526,489)	(469,231)	1,332,047	1,801,278
<i>Fund Balance Beginning of Year</i>	2,898,045	2,898,045	2,898,045	0
Prior Year Encumbrances Appropriated	269,764	269,764	269,764	0
<i>Fund Balance End of Year</i>	<u>\$2,641,320</u>	<u>\$2,698,578</u>	<u>\$4,499,856</u>	<u>\$1,801,278</u>

See accompanying notes to the basic financial statements

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Description of the Library and Reporting Entity

The Geauga County Public Library was organized as a county district public library in 1963 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Geauga County Commissioners and the Geauga County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, possessing and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director, Fiscal Officer, and Deputy Fiscal Officer to administer the day-to-day operations of the Library.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, “The Financial Reporting Entity: Omnibus,” the Library is considered a related organization of Geauga County.

The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. 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 those decisions are made, the County Commissioners must place the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library.

The Library participates in a public entity risk pool, the Stark County Schools Council of Government (“the Council”). Note 12 to the basic financial statements provides additional information for this entity.

The Friends of the Geauga County Public Library and the Geauga County Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. The Geauga County Public Library does not receive amounts from the Friends of the Geauga County Public Library or the Geauga County Library Foundation that the State would consider significant. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, the financial statements of the Library have been prepared 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. The most significant of the Library’s accounting policies are as follows.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020*

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position, 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 the financial activities of the Library. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. However, the Library has only governmental activities; therefore, no business-type activities are presented.

The statement of net position present the cash balances 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 activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service. 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. 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major 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 activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The following are the Library's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be 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 Improvement Fund The capital improvement fund accounts for and reports revenues derived from general obligation notes and bonds. These monies are restricted for construction and renovation of Library buildings.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Debt Service Fund The debt service fund accounts for and reports revenues derived from property taxes. These monies are restricted for debt payments.

Building and Repair Fund The building and repair capital projects fund accounts for and reports transfers from the general fund assigned for repairs to be made throughout the library system.

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.

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

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

The appropriations 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. 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 Library's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Library 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.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020*

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 2020, investments were limited to STAR Ohio, donated stock, negotiable certificates of deposit, and money market accounts.

During 2020, the Library invested in STAR Ohio. 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 fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the capital improvements fund during 2020 amounted to \$199,304, \$72,280 of which was assigned from other Library funds.

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 postretirement health care benefits.

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 capital lease 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.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 includes resources restricted for grant purposes and those restricted by the donor purpose.

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

Fund Balance

Fund balance is divided into four 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 the 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) they employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than 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 Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Library Trustees assigned fund balance to cover a gap between estimated revenue and appropriations in the 2021 appropriated budget.

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.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 cash 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 – budgetary 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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$257,012 for the general fund.

Note 4 – Deposits and Investments

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

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

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

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to 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, the 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. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceeds 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;
4. Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit or by savings or deposit accounts, including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, or political subdivisions of Ohio, provided that, with respect to bonds or other obligations of political subdivisions, (a) the bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision, (b) the bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer, (c) the aggregate value of the bonds or other obligations does not exceed twenty percent of interim monies available for investment at the time of purchase, and (d) the Library is not the sole purchaser of the bonds or other obligations at original issuance;
6. No-load money market mutual funds, rated in the highest category at the time of purchase by at least one nationally recognized rating agency, investing exclusively in obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio) and any other investment alternative offered to political subdivisions by the Treasurer of State;

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

8. Up to forty percent of interim monies available for investment in either commercial paper notes or bankers acceptances. Investment in commercial paper notes is limited to notes issued by an entity that is defined in section 1705.01(D) of the Ohio Revised Code and that has assets exceeding five hundred million dollars, and (a) the notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services, (b) the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporations, (c) the notes mature not later than two hundred seventy days after purchase, and (d) the investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase. Investment in bankers acceptances is limited to acceptances of banks that are insured by the FDIC and that mature not later than one hundred eighty days after purchase; and
9. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. 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.

Investments

As of December 31, 2020, the Library had the following investments:

Investment	Measurement		Moody's	Percent of
	Amount	Maturity		Total Investments
STAR Ohio	\$1,138,917	Average 55.8 Days		10.66%
Money Market	7,872,564	Less Than One Year	AAA	73.69%
Negotiable Certificates of Deposit	1,671,677	Less Than One Year	N/A	15.65%
Total Portfolio	<u>\$10,683,158</u>			

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

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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. 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, investing authority, 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."

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer.

Note 5 – Grants in Aid and Property Taxes

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. 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's taxing district. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes were levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The full tax rate for all Library operations for the year ended December 31, 2020, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$2,857,666,770
Public Utility Personal Property	<u>112,171,060</u>
Total	<u><u>\$2,969,837,830</u></u>

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.

Tax Abatements

For 2020, The Library's property taxes were reduced by \$14,287 under various tax abatement agreements entered into by the following subdivisions:

<u>Overlapping Government</u>	<u>Amount of 2020 Taxes Abated</u>
<i>Community Reinvestment Areas:</i>	
City of Chardon	\$9,028
Parkman Township	1,900
Village of Middlefield	3,341
Bainbridge Township	18

Note 6 – Risk Management

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

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

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 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent 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 percent 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 percent 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 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020*

Effective November 1, 2020, the OPRM's property retention increased from 33 percent to 55 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 771 and 776 members as of December 31, 2020 and 2019, respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2020 and 2019 (latest information available).

	<u>2020</u>	<u>2019</u>
Assets	\$18,826,974	\$15,920,504
Liabilities	<u>(13,530,267)</u>	<u>(11,329,011)</u>
Members' Equity	<u>\$5,296,707</u>	<u>\$4,591,493</u>

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

Workers' Compensation

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

Employee Health, Dental, and Vision

The Library has contracted with the Stark County Schools Council of Government (the Council) Health Benefits Program to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays 80 percent of the premium for full-time employee medical and dental coverage. Employees pay the remainder of the premium for medical and dental coverage. The monthly premiums paid by the Library for 2020 totaled \$9,693.

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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.

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020*

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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), 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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	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.

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

For 2020, The Library's contractually required contribution was \$419,881 for the traditional plan, \$9,914 for the combined plan and \$27,052 for the member-directed plan.

Note 8 – Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This 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.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for

Geauga County Public Library

Geauga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020*

disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Annual Comprehensive Financial Report referenced below for additional information.

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

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

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 2020, 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 2020, 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 2020 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 \$7,729 for 2020.

Note 9 – Long-Term Obligations

Original issue amounts and interest rates of the Library's debt issues are as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
Governmental Activities:			
<i>General Obligation Bonds:</i>			
Library Improvement Bonds, Series A	2.00 - 5.00	\$14,000,000	2047
Library Improvement Bonds, Series B	2.50 - 4.00	9,920,000	2042

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

A schedule of changes in bonds and other long-term obligations of the Library during 2020 follows:

	Amount Outstanding 12/31/2019	Additions	Deletions	Amount Outstanding 12/31/2020	Amounts Due In One Year
Governmental Activities Obligations:					
<i>General Obligation Bonds:</i>					
Library Improvement, Series A	\$13,260,000	\$0	(\$470,000)	\$12,790,000	\$485,000
Library Improvement, Series A - Premium	602,028	0	(22,025)	580,003	0
Library Improvement, Series A - Discount	(154,889)	0	5,667	(149,222)	0
Library Improvement, Series B	9,870,000	0	(25,000)	9,845,000	25,000
Library Improvement, Series B - Premium	269,325	0	(12,015)	257,310	0
Library Improvement, Series B - Discount	(91,326)	0	4,074	(87,252)	0
<i>Total Governmental Activities Obligations</i>	<u>\$23,755,138</u>	<u>\$0</u>	<u>(\$519,299)</u>	<u>\$23,235,839</u>	<u>\$510,000</u>

During 2018, the Library issued \$14,000,000 in Library Improvement, Series A, General Obligation Bonds for the purpose of constructing, renovating and improving Library facilities. The bonds were sold at a premium of \$638,737 and a discount of \$164,334. These Library Improvement, Series A, General Obligation Bonds will be paid from property tax revenues in the debt service fund.

The Library Improvement, Series A, General Obligation Bonds maturing on December 1, 2030, 2043 and 2047 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue		
	\$1,185,000	\$3,420,000	\$4,995,000
2027	\$600,000	\$0	\$0
2028	375,000	0	0
2029	100,000	0	0
2031	0	175,000	0
2032	0	175,000	0
2033	0	170,000	0
2034	0	175,000	0
2035	0	175,000	0
2036	0	175,000	0
2037	0	170,000	0
2038	0	170,000	0
2039	0	180,000	0
2040	0	240,000	0
2041	0	245,000	0
2042	0	240,000	0
2044	0	0	1,185,000
2045	0	0	1,225,000
2046	0	0	1,270,000
Total mandatory sinking fund payments	1,075,000	2,290,000	3,680,000
Amount due at stated maturity	110,000	1,130,000	1,315,000
Total	<u>\$1,185,000</u>	<u>\$3,420,000</u>	<u>\$4,995,000</u>
<i>Stated Maturity</i>	<i>12/1/2030</i>	<i>12/1/2043</i>	<i>12/1/2047</i>

Geauga County Public Library

Geauga County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

During 2018, the Library issued \$9,920,000 in Library Improvement, Series B, General Obligation Bonds for the purpose of bonding previously issued notes for the purpose of constructing, renovating and improving library facilities. The bonds were sold at a premium of \$288,348 and a discount of \$97,777. These Library Improvement, Series B, General Obligation Bonds will be paid from property tax revenues in the debt service fund.

The Library Improvement, Series B, General Obligation Bonds maturing on December 1, 2028 and 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue	
	\$300,000	\$3,965,000
2026	\$25,000	\$0
2027	25,000	0
2038	0	765,000
2039	0	790,000
2040	0	765,000
2041	0	800,000
Total mandatory sinking fund payments	50,000	3,120,000
Amount due at stated maturity	250,000	845,000
Total	<u>\$300,000</u>	<u>\$3,965,000</u>
<i>Stated Maturity</i>	<i>12/1/2028</i>	<i>12/1/2042</i>

The Library's overall legal debt margin was \$245,847,064 at December 31, 2020. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020, are as follows:

	General Obligation Bonds	
	Principal	Interest
2021	\$510,000	\$869,750
2022	530,000	849,726
2023	550,000	828,900
2024	565,000	815,150
2025	585,000	792,862
2026-2030	3,170,000	3,679,560
2031-2035	3,805,000	3,038,600
2036-2040	4,665,000	2,176,298
2041-2045	5,670,000	1,158,388
2046-2047	2,585,000	141,390
Total	<u>\$22,635,000</u>	<u>\$14,350,624</u>

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Leases

The Library leases copiers under noncancelable leases. The Library disbursed \$18,448 to pay lease costs for the year ended December 31, 2020. Future lease payments are as follows:

	Amounts
2021	\$11,997
2022	1,236
2023	927
Present Value of Minimum Lease Payments	\$14,160

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 12 – Public Entity Risk Pool

During 2020, the Library participated in the Stark County Schools Council of Government (the Council). The Council is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool. Financial information can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

Note 13 – Interfund Transfers

During 2020, the general fund transferred \$750,000 to the building and repair fund to finance capital projects.

Note 14 – 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 as follows:

Geauga County Public Library
Geauga County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fund Balances	General	Capital Improvements	Debt Service	Building and Repair Fund	Total Governmental Funds
<u>Restricted for:</u>					
Capital Improvement Projects	\$0	\$9,420,599	\$0	\$0	\$9,420,599
Debt Payments	0	0	1,206,659	0	1,206,659
<i>Total Restricted</i>	<u>0</u>	<u>9,420,599</u>	<u>1,206,659</u>	<u>0</u>	<u>10,627,258</u>
<u>Assigned to:</u>					
Capital Improvement Projects	0	0	0	3,234,195	3,234,195
<u>Purchases on Order:</u>					
Library Services	160,393	0	0	0	160,393
Support Services	95,267	0	0	0	95,267
Capital Outlay	1,352	0	0	0	1,352
2021 Operations	624,467	0	0	0	624,467
<i>Total Assigned</i>	<u>881,479</u>	<u>0</u>	<u>0</u>	<u>3,234,195</u>	<u>4,115,674</u>
Unassigned	3,875,389	0	0	0	3,875,389
Total Fund Balances	<u><u>\$4,756,868</u></u>	<u><u>\$9,420,599</u></u>	<u><u>\$1,206,659</u></u>	<u><u>\$3,234,195</u></u>	<u><u>\$18,618,321</u></u>

Note 15 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General	\$257,012
Capital Improvement	3,868,466
Building and Repair Fund	<u>200,678</u>
Total Governmental	<u><u>\$4,326,156</u></u>

Geauga County Public Library
Geauga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Contractual Commitments

At December 31, 2020, the Library's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid to Date</u>	<u>Remaining Contract</u>
Donley's Inc - Library Construction	\$16,273,589	\$12,887,937	\$3,385,652
Teltron Design Group - Library Construction Design Fees	146,443	25,407	121,036
Library Design Associates - Library Construction Design Fees	68,374	68,374	0
CBLH Architects - Library Construction Architect	2,616,848	2,454,486	162,362
Total	<u>\$19,105,254</u>	<u>\$15,436,204</u>	<u>\$3,669,050</u>

The amounts remaining on these contracts were encumbered at year end.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. 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.

During 2020, the Library received CARES Act funding. These amounts are reflected as general library services expenditures in the Coronavirus Relief Special Revenue Fund which is included in other governmental funds on the accompanying financial statements.

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

Geauga County Public Library
Geauga County
12701 Ravenwood Drive
Chardon, Ohio 44024

To the Library Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Geauga County Public Library, Geauga County, (the Library) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 17, 2022, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Library.

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2022

OHIO AUDITOR OF STATE KEITH FABER



GEAUGA COUNTY PUBLIC LIBRARY

GEAUGA 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 11/10/2022

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