

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021





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Board of Trustees
Delaware County District Library
84 East Winter Street
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Delaware County District Library, Delaware County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 21, 2023

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**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY, OHIO
REGULAR AUDIT
For the Years Ended December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

Delaware County District Library
Delaware County
84 East Winter Street
Delaware, Ohio 43015

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio (the Library), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Library as of December 31, 2022 and 2021, and the respective changes in cash basis financial position 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 Opinion

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

Emphasis of Matter

We draw attention to Note 2 of the financial statements for 2022 and 2021, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the financial statements for 2022 and 2021, the financial impact of COVID-19 and the ensuing emergency measures will 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 the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
June 12, 2023

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
Statement of Net Position - Cash Basis
December 31, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 14,637,210
<i>Total Assets</i>	\$ 14,637,210
Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 57,797
Nonexpendable	48,298
Other Purposes-Grants	29,109
Permanent Improvement	2,331,583
Unrestricted	12,170,423
<i>Total Net Position</i>	\$ 14,637,210

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY

DELAWARE COUNTY

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Salaries and Benefits	\$ 4,955,782	-	-	\$ (4,955,782)
Supplies	442,101	-	-	(442,101)
Purchased and Contracted Services	1,328,555	-	-	(1,328,555)
Library Materials and Information	1,792,107	\$ 44,605	\$ 42,032	(1,705,470)
Other Objects	21,146	-	-	(21,146)
Capital Outlay	9,316,493	-	-	(9,316,493)
Debt Service:				
Principal Retirement	775,000	-	-	(775,000)
Interest and Fiscal Charges	197,850	-	-	(197,850)
Total Governmental Activities	\$18,829,034	\$44,605	\$42,032	(18,742,397)
General Receipts				
Library and Local Government Support Fund(PLF)				3,141,366
Property Taxes Levied for Current Expenses				5,274,387
Grants and Entitlements				618,113
Earnings on Investments				154,608
Miscellaneous				128,455
Total General Receipts				9,316,929
Change in Net Position				(9,425,468)
Net Position Beginning of Year				24,062,678
Net Position End of Year				\$14,637,210

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Building & Repair Capital Projects</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 11,213,756	\$ 956,667	\$ 2,331,583	\$ 135,204	\$ 14,637,210
<i>Total Assets</i>	<u>\$ 11,213,756</u>	<u>\$ 956,667</u>	<u>\$ 2,331,583</u>	<u>\$ 135,204</u>	<u>\$ 14,637,210</u>
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ 48,298	\$ 48,298
Restricted	-	-	2,331,583	86,906	2,418,489
Assigned	6,480	956,667	-	-	963,147
Unassigned	11,207,276	-	-	-	11,207,276
<i>Total Fund Balances</i>	<u>\$ 11,213,756</u>	<u>\$ 956,667</u>	<u>\$ 2,331,583</u>	<u>\$ 135,204</u>	<u>\$ 14,637,210</u>

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY

DELAWARE COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2022

	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 5,274,387	\$ -	\$ -	\$ -	\$ 5,274,387
Public Library	3,141,366	-	-	-	3,141,366
Intergovernmental	618,113	-	-	-	618,113
Patron Fines and Fees	44,605	-	-	-	44,605
Contributions, Gifts and Donations	35,820	-	-	6,212	42,032
Earnings on Investments	99,407	-	54,897	304	154,608
Miscellaneous	128,455	-	-	-	128,455
<i>Total Receipts</i>	<u>9,342,153</u>	<u>-</u>	<u>54,897</u>	<u>6,516</u>	<u>9,403,566</u>
Disbursements					
Current:					
Library Services:					
Salaries and Benefits	4,955,782	-	-	-	4,955,782
Supplies	435,551	-	6,550	-	442,101
Purchased and Contracted Services	1,072,289	-	256,266	-	1,328,555
Library Materials and Information	851,227	-	940,880	-	1,792,107
Other	16,619	-	4,527	-	21,146
Capital Outlay	128,018	489,212	8,699,263	-	9,316,493
Debt Service:					
Principal Retirement	775,000	-	-	-	775,000
Interest and Fiscal Charges	197,850	-	-	-	197,850
<i>Total Disbursements</i>	<u>8,432,336</u>	<u>489,212</u>	<u>9,907,486</u>	<u>-</u>	<u>18,829,034</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>909,817</u>	<u>(489,212)</u>	<u>(9,852,589)</u>	<u>6,516</u>	<u>(9,425,468)</u>
Other Financing Sources (Uses)					
Transfers In	-	500,000	3,100,000	-	3,600,000
Transfers Out	(3,600,000)	-	-	-	(3,600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,600,000)</u>	<u>500,000</u>	<u>3,100,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(2,690,183)	10,788	(6,752,589)	6,516	(9,425,468)
<i>Fund Balances Beginning of Year</i>	<u>13,903,939</u>	<u>945,879</u>	<u>9,084,172</u>	<u>128,688</u>	<u>24,062,678</u>
<i>Fund Balances End of Year</i>	<u>\$11,213,756</u>	<u>\$956,667</u>	<u>\$2,331,583</u>	<u>\$135,204</u>	<u>\$14,637,210</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$5,644,665	\$5,792,689	\$5,274,387	(\$518,302)
Public Library	3,120,772	3,020,561	3,141,366	120,805
Intergovernmental	76,000	76,000	618,113	542,113
Patron Fines and Fees	25,000	25,000	44,605	19,605
Contributions, Gifts and Donations	-	-	35,820	35,820
Earnings on Investments	80,000	80,000	99,407	19,407
Miscellaneous	60,000	60,000	128,455	68,455
<i>Total receipts</i>	<u>9,006,437</u>	<u>9,054,250</u>	<u>9,342,153</u>	<u>287,903</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	5,666,078	5,666,078	4,955,782	710,296
Supplies	518,018	537,156	442,031	95,125
Purchased and Contracted Services	1,513,111	1,520,099	1,072,289	447,810
Library Materials and Information	1,231,056	1,232,256	851,227	381,029
Other	46,128	26,990	16,619	10,371
Capital Outlay	158,551	158,551	128,018	30,533
Debt Service				
Principal Retirement	775,000	775,000	775,000	-
Interest and Fiscal Charges	197,850	197,850	197,850	-
<i>Total Disbursements</i>	<u>10,105,792</u>	<u>10,113,980</u>	<u>8,438,816</u>	<u>1,675,164</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,099,355)</u>	<u>(1,059,730)</u>	<u>903,337</u>	<u>1,963,067</u>
Other Financing Sources (Uses)				
Transfers Out	(250,000)	(3,600,000)	(3,600,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(250,000)</u>	<u>(3,600,000)</u>	<u>(3,600,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,349,355)	(4,659,730)	(2,696,663)	1,963,067
<i>Fund Balance Beginning of Year</i>	12,861,826	12,861,826	12,861,826	-
Prior Year Encumbrances Appropriated	1,042,113	1,042,113	1,042,113	-
<i>Fund Balance End of Year</i>	<u>\$12,554,584</u>	<u>\$9,244,209</u>	<u>\$11,207,276</u>	<u>\$1,963,067</u>

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 1 – Description of the Library and Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Delaware County District Library, Delaware County, Ohio (the Library) as a body corporate and politic. A seven member Board governs the Library, which provides the community with various educational and literacy resources. Of the seven Board members, three are appointed by the Judge of the Court of Common Pleas and four are appointed by the Board of County Commissioners. All Board members are qualified electors of the Library District. Each trustee serves a term of seven years. The officers of the Board are the president, vice president and secretary who are all elected and serve a term of one year. The Delaware County District Library has branches located in Delaware, Ostrander, Powell, and Orange Township.

Public Entity Risk Pool and Related Organization

The Library participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

The Friends of the Delaware County District Library, Inc. 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 Library is not entitled to nor has the ability to otherwise access a majority of the resources held by the Friends. In addition, the economic resources held by the Friends are not significant to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "*Basis of Accounting*" section of this note, the financial statements of the Delaware County District 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.

Basis of Presentation

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library, except for fiduciary funds. The statements 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, and charges for services. Business-type activities are financed in or in part by fees charged to external parties for goods or services. The Library has no business-type activities or fiduciary funds.

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

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

Fund Accounting

The Library uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

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

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Permanent Improvement Fund The permanent improvement fund accounts for and reports resources restricted specifically for the construction of a new library branch.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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 and major category of the function code 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."

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

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

During 2022, the Library invested in U.S. Savings Bonds, Federal Farm Credit Bank Funding Corporation notes, Federal Home Loan Mortgage Corporation notes, Mason, Ohio municipal bonds, money market mutual funds, STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio, these investments are recorded at cost. The Library's money market mutual fund investment is recorded at amounts reported by Fifth Third Securities on December 31, 2022.

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

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

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 2022 were \$99,407. Interest receipts credited to the Permanent Improvement during 2022 were \$54,897 and interest receipts of \$304 were credited to other governmental funds.

Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Transactions

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

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 8 and 9, 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 (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

Leases

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Library is the lessee in various leases related to office equipment under noncancelable leases. Lease receivables/payables are not reflected under the Library's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted within the Library's endowment fund and for the Corona Virus Relief grant received from the State of Ohio.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Library Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 \$6,480, for the General Fund for the year ended December 31, 2022.

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.

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

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 4 – Deposits and Investments (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$165 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 4 – Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, the carrying amount of the Library’s deposits was \$1,101,237 and the bank balance was \$1,357,859. None of the bank balance was exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The Library reports their investments at cost or net asset value per share. The net asset value of this investment is not materially different from cost. As of December 31, 2022, the Library had the following investments:

	Measurement Amount	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
U.S. Government					
Money Market	\$ 3,749,803	\$ 3,749,803	\$ -	\$ -	\$ -
Negotiable CD's	4,358,234	2,120,234	996,000	1,242,000	-
Municipal Bonds	340,248	-	142,341	197,907	-
Callable Governmental					
Agency Bonds	5,087,404	1,398,304	2,589,100	1,100,000	-
STAR Ohio	119	119	-	-	-
Total Investments	\$ 13,535,808	\$ 7,268,460	\$ 3,727,441	\$ 2,539,907	\$ -

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 4 – Deposits and Investments (Continued)

Investments (Continued)

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The money market funds invested at Fifth Third Securities carry a rating of Aaa by Moody’s. Municipal Bonds invested at Fifth Third Securities carry ratings of Aa2, Aa1, and Aaa. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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 money market mutual funds are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Library’s name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, 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. The following investments represent five percent or more of total investments as of December 31, 2022:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal Farm Credit Banks Funding Corporation Note	7.00 %
Federal Home Loan Mortgage Corporation Note	11.00
Federal Home Loan Bank Note	13.00

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.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Delaware County District Library’s service area. Property tax revenue received during 2022 for real and public utility property taxes represent collections of the 2021 taxes.

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

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 alternate payment dates to be established.

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

The full tax rate for all Library operations for the year ended December 31, 2022 was \$0.07 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$ 7,188,943,500
Public Utility Personal Property	<u>350,789,580</u>
Total	<u><u>\$ 7,539,733,080</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.

Note 6 – Interfund Transfers

Transfers

During 2022, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>	
	<u>General</u>	<u>Total</u>
Building & Repair Fund	\$ 500,000	\$ 500,000
Permanent Improvement	\$ 3,100,000	\$ 3,100,000
Total all Funds	<u><u>\$ 3,600,000</u></u>	<u><u>\$3,600,000</u></u>

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 6 – Interfund Transfers (Continued)

The above-mentioned Transfers From / To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Non-routine transfers from other non-major governmental funds were in compliance with Ohio Revised Code for designated projects.

Note 7 - Risk Management

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (the latest information available).

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

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

Note 8 - 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 is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

plan is a combination cost-sharing, multiple-employer defined benefit /defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA) is provided. 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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. 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 and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

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

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

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

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

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

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

For 2022, the Library's contractually required contribution was \$500,345 for the traditional plan.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 9 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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

An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 9 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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 requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

Note 10 – Debt

Notes Payable

A summary of the note transactions for the year ended December 31, 2022, follows:

	<u>Outstanding 12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding 12/31/2022</u>
Governmental Activities				
2021 Facilities Notes	<u>\$ 10,095,000</u>	<u>\$ -</u>	<u>\$ 775,000</u>	<u>\$ 9,320,000</u>

The note was issued for the construction of a new branch. The note will be repaid with reserves and matures in 2033. \$785,000 is due within one year. Future note payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$785,000	\$190,100	\$975,100
2024	790,000	182,250	972,250
2025	800,000	174,350	974,350
2026	805,000	166,350	971,350
2027	825,000	150,250	975,250
2028-2033	<u>5,315,000</u>	<u>516,600</u>	<u>5,831,600</u>
Total	<u>\$9,320,000</u>	<u>\$1,379,900</u>	<u>\$10,699,900</u>

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency 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.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2022

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 at December 31, 2022 are presented below:

Fund Balances	General Fund	Building & Repair	Permanent Improvement	Other Governmental Funds	Total
Nonspendable					
Endowment	\$ -	\$ -	\$ -	\$ 48,298	\$ 48,298
<i>Total Nonspendable</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,298</u>	<u>48,298</u>
Restricted for					
Endowment	-	-	-	57,797	57,797
CARES Act Relief Fund	-	-	-	29,109	29,109
Permanent Improvement	-	-	2,331,583	-	2,331,583
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>2,331,583</u>	<u>86,906</u>	<u>2,418,489</u>
Assigned to					
Capital Projects	-	841,380	-	-	841,380
Encumbrances	6,480	115,287	-	-	121,767
<i>Total Assigned</i>	<u>6,480</u>	<u>956,667</u>	<u>-</u>	<u>-</u>	<u>963,147</u>
Unassigned	11,207,276	-	-	-	11,207,276
<i>Total Fund Balances</i>	<u><u>\$11,213,756</u></u>	<u><u>\$956,667</u></u>	<u><u>\$2,331,583</u></u>	<u><u>\$135,204</u></u>	<u><u>\$14,637,210</u></u>

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 24,062,678
<i>Total Assets</i>	<u>\$ 24,062,678</u>
Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 51,281
Nonexpendable	48,298
Other Purposes-Grants	29,109
Permanent Improvement	9,084,172
Unrestricted	14,849,818
<i>Total Net Position</i>	<u>\$ 24,062,678</u>

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY

DELAWARE COUNTY

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Salaries and Benefits	\$ 3,896,925	\$ -	\$ -	(\$3,896,925)
Supplies	344,685	-	-	(344,685)
Purchased and Contracted Services	1,394,278	-	-	(1,394,278)
Library Materials and Information	834,400	24,973	14,761	(794,666)
Other Objects	19,833	-	-	(19,833)
Capital Outlay	3,907,230	-	-	(3,907,230)
Debt Service:				
Principal Retirement	905,000	-	-	(905,000)
Interest and Fiscal Charges	70,691	-	-	(70,691)
Total Governmental Activities	\$11,373,042	\$24,973	\$14,761	(11,333,308)
General Receipts				
Library and Local Government Support Fund(PLF)				2,913,611
Property Taxes Levied for Current Expenses				5,056,118
Grants and Entitlements				607,689
Sales of Notes				11,000,000
Premium on Debt				685,571
Debt Issuance Cost				(222,915)
Earnings on Investments				67,260
Miscellaneous				77,112
Total General Receipts				20,184,446
Change in Net Position				8,851,138
Net Position Beginning of Year				15,211,540
Net Position End of Year				\$24,062,678

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Building & Repair Capital Projects</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 13,903,939	\$ 945,879	\$ 9,084,172	\$ 128,688	\$ 24,062,678
<i>Total Assets</i>	<u>\$ 13,903,939</u>	<u>\$ 945,879</u>	<u>\$ 9,084,172</u>	<u>\$ 128,688</u>	<u>\$ 24,062,678</u>
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ 48,298	\$ 48,298
Restricted	-	-	9,084,172	80,390	9,164,562
Assigned	1,349,355	945,879	-	-	2,295,234
Unassigned	12,554,584	-	-	-	12,554,584
<i>Total Fund Balances</i>	<u>\$ 13,903,939</u>	<u>\$ 945,879</u>	<u>\$ 9,084,172</u>	<u>\$ 128,688</u>	<u>\$ 24,062,678</u>

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY

DELAWARE COUNTY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2021

	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 5,056,118	\$ -	\$ -	\$ -	\$ 5,056,118
Public Library	2,913,611	-	-	-	2,913,611
Intergovernmental	607,689	-	-	-	607,689
Patron Fines and Fees	24,973	-	-	-	24,973
Contributions, Gifts and Donations	8,712	-	-	6,049	14,761
Earnings on Investments	66,324	-	936	-	67,260
Miscellaneous	77,112	-	-	-	77,112
Total Receipts	8,754,539	-	936	6,049	8,761,524
Disbursements					
Current:					
Library Services:					
Salaries and Benefits	3,896,925	-	-	-	3,896,925
Supplies	341,321	-	-	3,364	344,685
Purchased and Contracted Services	837,458	-	547,469	9,351	1,394,278
Library Materials and Information	834,400	-	-	-	834,400
Other	19,833	-	-	-	19,833
Capital Outlay	189,516	337,291	3,379,658	765	3,907,230
Debt Service:					
Principal Retirement	905,000	-	-	-	905,000
Interest and Fiscal Charges	70,691	-	-	-	70,691
Total Disbursements	7,095,144	337,291	3,927,127	13,480	11,373,042
Excess of Receipts Over (Under) Disbursements	1,659,395	(337,291)	(3,926,191)	(7,431)	(2,611,518)
Other Financing Sources (Uses)					
Sales of Notes	-	-	11,000,000	-	11,000,000
Premium on Debt	-	-	685,571	-	685,571
Debt Issuance Cost	-	-	(222,915)	-	(222,915)
Transfers In	-	457,640	-	-	457,640
Transfers Out	(457,640)	-	-	-	(457,640)
Total Other Financing Sources (Uses)	(457,640)	457,640	11,462,656	-	11,462,656
Net Change in Fund Balances	1,201,755	120,349	7,536,465	(7,431)	8,851,138
Fund Balances Beginning of Year	12,702,184	825,530	1,547,707	136,119	15,211,540
Fund Balances End of Year	\$13,903,939	\$945,879	\$9,084,172	\$128,688	\$24,062,678

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE 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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$5,520,948	\$5,644,665	\$5,056,118	(\$588,547)
Public Library	2,184,948	2,587,836	2,913,611	325,775
Intergovernmental	51,000	51,000	607,689	556,689
Patron Fines and Fees	25,000	25,000	24,973	(27)
Contributions, Gifts and Donations	-	-	8,712	8,712
Earnings on Investments	150,000	150,000	66,324	(83,676)
Miscellaneous	54,000	54,000	77,112	23,112
<i>Total receipts</i>	<u>7,985,896</u>	<u>8,512,501</u>	<u>8,754,539</u>	<u>242,038</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	5,078,869	5,078,869	4,290,354	788,515
Supplies	518,266	518,266	383,514	134,752
Purchased and Contracted Services	1,719,890	1,719,890	1,230,192	489,698
Library Materials and Information	1,145,680	1,127,680	1,006,608	121,072
Other	27,426	27,426	19,961	7,465
Capital Outlay	334,661	334,611	230,937	103,674
Debt Service				
Principal Retirement				
Interest and Fiscal Charges	-	905,000	905,000	-
	-	70,691	70,691	-
<i>Total Disbursements</i>	<u>8,824,792</u>	<u>9,782,433</u>	<u>8,137,257</u>	<u>1,645,176</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(838,896)</u>	<u>(1,269,932)</u>	<u>617,282</u>	<u>(1,403,138)</u>
Other Financing Sources (Uses)				
Transfers Out	(457,640)	(457,640)	(457,640)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(457,640)</u>	<u>(457,640)</u>	<u>(457,640)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,296,536)	(1,727,572)	159,642	(1,403,138)
<i>Fund Balance Beginning of Year</i>	11,918,128	11,918,128	11,918,128	-
Prior Year Encumbrances Appropriated	784,056	784,056	784,056	-
<i>Fund Balance End of Year</i>	<u>\$11,405,648</u>	<u>\$10,974,612</u>	<u>\$12,861,826</u>	<u>(\$1,403,138)</u>

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Delaware County District Library, Delaware County, Ohio (the Library) as a body corporate and politic. A seven member Board governs the Library, which provides the community with various educational and literacy resources. Of the seven Board members, three are appointed by the Judge of the Court of Common Pleas and four are appointed by the Board of County Commissioners. All Board members are qualified electors of the Library District. Each trustee serves a term of seven years. The officers of the Board are the president, vice president and secretary who are all elected and serve a term of one year. The Delaware County District Library has branches located in Delaware, Ostrander, Powell, and Orange Township.

Public Entity Risk Pool and Related Organization

The Library participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

The Friends of the Delaware County District Library, Inc. 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 Library is not entitled to nor has the ability to otherwise access a majority of the resources held by the Friends. In addition, the economic resources held by the Friends are not significant to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "*Basis of Accounting*" section of this note, the financial statements of the Delaware County District 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.

Basis of Presentation

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library, except for fiduciary funds. The statements 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, and charges for services. Business-type activities are financed in or in part by fees charged to external parties for goods or services. The Library had no business-type activities or fiduciary funds during the year ended December 31, 2021.

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

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

Fund Accounting

The Library uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

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

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permanent Improvement Fund The permanent improvement fund accounts for and reports resources restricted specifically for the construction of a new library branch.

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

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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 and major category of the function code 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."

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

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

During 2021, the Library invested in U.S. Savings Bonds, Federal Farm Credit Bank Funding Corporation notes, Federal Home Loan Mortgage Corporation notes, Mason, Ohio municipal bonds, money market mutual funds, STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio, these investments are recorded at cost. The Library's money market mutual fund investment is recorded at amounts reported by Fifth Third Securities 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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General and Permanent Fund during 2021 was \$66,324 and \$936, respectively.

Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Library Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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 8 and 9, 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.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted within the Library's endowment fund and for the Corona Virus Relief grant received from the State of Ohio.

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

Interfund Transactions

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – 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 \$1,042,113 for the General Fund for the year ended December 31, 2021.

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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 4 – Deposits and Investments (Continued)

5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer’s investment pool (STAR Ohio);
7. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$165 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, the carrying amount of the Library’s deposits was \$5,085,009 and the bank balance was \$5,236,755. None of the bank balance was exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 4 – Deposits and Investments (Continued)

Deposits (Continued)

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The Library reports their investments at cost or net asset value per share. The net asset value of this investment is not materially different from cost. As of December 31, 2021, the Library had the following investments:

	Measurement Amount	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
U.S. Government					
Money Market	\$ 9,685,292	\$ 9,685,292	\$ -	\$ -	\$ -
Negotiable CD's	4,851,847	1,369,847	2,486,000	996,000	-
Municipal Bonds	340,248	-	142,341	197,907	-
Callable Governmental					
Agency Bonds	4,100,000	-	3,000,000	1,100,000	-
STAR Ohio	117	117	-	-	-
Total Investments	<u>\$ 18,977,504</u>	<u>\$ 11,055,256</u>	<u>\$ 5,628,341</u>	<u>\$ 2,293,907</u>	<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 that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market funds invested at Fifth Third Securities carry a rating of Aaa by Moody's. Municipal Bonds invested at Fifth Third Securities carry ratings of Aa2, Aa1, and Aaa. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 4 – Deposits and Investments (Continued)

Investments (Continued)

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 money market mutual funds are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Library’s name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, 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. The following investments represent five percent or more of total investments as of December 31, 2021:

Investment Issuer	Percentage of Investments
Federal Farm Credit Banks Funding Corporation Note	5.27 %
Federal Home Loan Mortgage Corporation Note	7.90
Federal Home Loan Bank Note	8.43

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 Delaware County District Library’s service area. Property tax revenue received during 2021 for real and public utility property taxes represent collections of the 2020 taxes.

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

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

Property Taxes (Continued)

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 alternate 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 on December 31, 2020, are levied after October 1, 2021 and are collected in the subsequent year with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2021 was \$0.07 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 6,925,107,690
Public Utility Personal Property	325,798,010
Total	<u>\$ 7,250,905,700</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.

Note 6 – Interfund Transfers

Transfers

During 2021, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>	
	General	Total
Building & Repair Fund	\$ 457,640	\$ 457,640
Total all Funds	<u>\$ 457,640</u>	<u>\$ 457,640</u>

The above-mentioned Transfer From / To was used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Non-routine transfers from other non-major governmental funds were in compliance with Ohio Revised Code for designated projects.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 7 - Risk Management

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

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

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members’ Equity	<u>\$ 6,740,056</u>

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

Note 8 - Defined Benefit Pension Plan

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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 8 - Defined Benefit Pension Plan (Continued)

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' ACFR 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.

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.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 8 - Defined Benefit Pension Plan (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA) is provided. 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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. 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 their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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>

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 8 - Defined Benefit Pension Plan (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$407,725 for the year 2021.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 9 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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

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

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

Note 10 – Debt

Notes Payable

A summary of the note transactions for the year ended December 31, 2021, follows:

	Outstanding 12/31/2020	Additions	Deletions	Outstanding 12/31/2021
Governmental Activities				
2021 Facilities Note	\$ -	\$11,000,000	\$905,000	\$10,095,000

The note was issued for the construction of a new branch. The note will be repaid with reserves. The note matures in 2033. \$775,000 is due within one year. Future note payments are as follows:

Year	Principal	Interest	Total
2022	\$775,000	\$197,850	\$972,850
2023	785,000	190,100	975,100
2024	790,000	182,250	972,250
2025	800,000	174,350	974,350
2026	805,000	166,350	971,350
2027-2033	6,140,000	666,850	6,806,850
Total	\$10,095,000	\$1,577,750	\$11,672,750

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency 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.

DELAWARE COUNTY DISTRICT LIBRARY

Notes to the Basic Financial Statements

December 31, 2021

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 at December 31, 2021 are presented below:

Fund Balances	General Fund	Building & Repair	Permanent Improvement	Other Governmental Funds	Total
Nonspendable					
Endowment	\$ -	\$ -	\$ -	\$ 48,298	\$ 48,298
<i>Total Nonspendable</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,298</u>	<u>48,298</u>
Restricted for					
Endowment	-	-	-	51,281	51,281
CARES Act Relief Fund	-	-	-	29,109	29,109
Permanent Improvements	-	-	9,084,172	-	9,084,172
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>9,084,172</u>	<u>80,390</u>	<u>9,164,562</u>
Assigned to					
2022 Budgeted Expenditures in excess of Budgeted Receipts	307,242	-	-	-	307,242
Capital Projects	-	945,879	-	-	945,879
Encumbrances	1,042,113	-	-	-	1,042,113
<i>Total Assigned</i>	<u>1,349,355</u>	<u>945,879</u>	<u>-</u>	<u>-</u>	<u>2,295,234</u>
Unassigned	12,554,584	-	-	-	12,554,584
<i>Total Fund Balances</i>	<u><u>\$13,903,939</u></u>	<u><u>\$945,879</u></u>	<u><u>\$9,084,172</u></u>	<u><u>\$128,688</u></u>	<u><u>\$24,062,678</u></u>

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

Delaware County District Library
Delaware County
84 East Winter Street
Delaware, Ohio 43015

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to 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 Delaware County District Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 12, 2023, 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 ensuing emergency measures will impact subsequent periods of the Library.

Internal Controls Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings as item 2022-001 that we consider to be a material weakness.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Library's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Library's response to the finding identified in our audit and described in the accompanying corrective action plan. The Library's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 12, 2023

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
Schedule of Audit Findings
December 31, 2022 and 2021

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

Finding Number 2022-001 – Material Weakness

Audit Adjustments, Reclassifications and Revisions to Financial Statement Disclosures

Errors were noted in the Library's 2022 and 2021 financial statements that required audit adjustments, reclassifications, and revision to the notes to the financial statements, the most significant of which are as follows:

- Proceeds of \$11,462,656 from the issuance of the Library's 2021 Facilities Notes were recorded as an operating receipt in the 2021 Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances rather than as Proceeds of Loans of \$11,000,000, Premium on Debt of \$685,571 and Debt Issuance Costs of \$222,915.
- Encumbrances of \$6,480 in 2022 and \$1,042,113 in 2021 were reported as unassigned rather than assigned in the general fund.
- Reclassification of fund balances and net position was necessary for 2022 and 2021.
- General fund activity of \$33,300 and \$6,516 was incorrectly reported as activity of other funds in 2022.
- The amount by which the original appropriations exceeded the original estimated resources for the year subsequent to 2021 was not reported as assigned fund balance as required by GASB 54 in the amount of \$307,242.
- The Statement of Receipts and Disbursements and Changes in Fund Balance-Budgetary Basis were not properly prepared and required revisions for 2022 and 2021.
- The 2022 notes to the financial statements contained extraneous and inappropriate disclosures.

The accompanying financial statements and Library's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Library and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Library refer to Governmental Accounting Standards Board (GASB) Statement No. 34 for classification of net position and GASB Statement No. 54 and Auditor of State Audit Bulletin 2011-004 for guidance on fund balance classifications and adopt policies and procedures to identify and correct errors and omissions in a timely manner.

Management's Response:

See Corrective Action Plan on page 55.

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
For the Years Ended December 31, 2022 and 2021

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2020-001	Audit adjustments/reclassifications	Not corrected	

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY
For the Years Ended December 31, 2022 and 2021

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The Interim and Deputy Fiscal Officer will implement controls over the process of preparing the financial statements and the recording of unusual transactions.	Immediately	Angie Grossenbacher, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



DELAWARE COUNTY DISTRICT LIBRARY

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/3/2023

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

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