



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

ADA PUBLIC LIBRARY
HARDIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Ada Public Library
320 N Main St
Ada, OH 45810

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

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 27, 2024

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Ada Public Library
Hardin County, Ohio
Table of Contents
For the Years Ended December 31, 2023 and 2022

Title	Page
Independent Auditor’s Report.....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2023.....	4
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2023.....	5
Notes to the Financial Statements For the Year Ended December 31, 2023.....	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2022.....	13
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2022.....	14
Notes to the Financial Statements For the Year Ended December 31, 2022.....	15
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	22
Schedule of Findings.....	24

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INDEPENDENT AUDITOR'S REPORT

Ada Public Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Ada Public Library, Hardin County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Circleville, Ohio
June 28, 2024

**ADA PUBLIC LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 207,766	\$ -	\$ -	\$ -	\$ 207,766
Public Library	264,233	-	-	-	264,233
Intergovernmental	13,767	24,960	-	-	38,727
Patron Fines and Fees	3,834	-	-	-	3,834
Contributions, Gifts and Donations	619	32,695	-	-	33,314
Earnings on Investments	29,771	13,057	2,177	3,348	48,353
Miscellaneous	1,116	6,656	-	-	7,772
	<u>521,106</u>	<u>77,368</u>	<u>2,177</u>	<u>3,348</u>	<u>603,999</u>
Total Cash Receipts					
	521,106	77,368	2,177	3,348	603,999
Cash Disbursements:					
Current:					
Library Services	341,553	33,746	-	-	375,299
Collection Development and Processing	-	15,360	-	-	15,360
Capital Outlay	196	-	-	-	196
	<u>341,749</u>	<u>49,106</u>	<u>-</u>	<u>-</u>	<u>390,855</u>
Total Cash Disbursements					
	341,749	49,106	-	-	390,855
Excess of Receipts Over/ (Under) Disbursements	179,357	28,262	2,177	3,348	213,144
Other Financing Receipts/ (Disbursements):					
Other Financing Uses	(6)	-	-	-	(6)
	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Total Other Financing Receipts/ (Disbursements)					
	(6)	-	-	-	(6)
Net Change in Fund Cash Balances	179,351	28,262	2,177	3,348	213,138
Fund Cash Balances, January 1	782,181	456,741	72,923	112,175	1,424,020
Fund Cash Balances, December 31	<u>\$ 961,532</u>	<u>\$ 485,003</u>	<u>\$ 75,100</u>	<u>\$ 115,523</u>	<u>\$ 1,637,158</u>

The notes to the financial statements are an integral part of this statement.

**ADA PUBLIC LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Additions:	
Earnings on Investments	38
Total Additions	38
Net Change in Fund Cash Balances	38
Fund Cash Balances, January 1	1,298
Fund Cash Balances, December 31	<u>\$ 1,336</u>

The notes to the financial statements are an integral part of this statement.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Ada Public Library (the Library), Hardin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Ada Exempted Village School District's Board appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the Ada Public 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. 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.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

A.C. Stambaugh Trust Fund The A.C. Stambaugh trust fund accounts for and reports the receipt of donations and interest income for the purchase of books, reference materials, and supplies.

Memorial Donations Fund The memorial donations fund accounts for and reports the receipt of interest income for the purchase of books, furniture, clocks and materials.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Capital Project Fund The capital projects fund accounts for and reports the receipt of earnings on investments for the acquisition or construction of capital facilities and other capital assets.

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

Lee & Mildred Henning Fund The Lee & Mildred Henning fund accounts for and reports the receipt of earnings on investments to be used for the maintenance of the building.

Private-Purpose Trust Fund Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library's private purpose trust fund, the A.S. Stambaugh Grave Fund, is for the care and maintenance of the Avanell C. Stambaugh cemetery plot.

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Library values common stock at fair value when donated. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

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

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$525,887	\$521,106	(\$4,781)
Special Revenue	\$76,816	\$77,368	\$552
Capital Projects	\$0	\$2,177	\$2,177
Permanent	\$3,050	\$3,348	\$298
Private Purpose Trust	\$35	\$38	\$3
Total	\$605,788	\$604,037	(\$1,751)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$431,000	\$341,755	\$89,245
Special Revenue	\$55,060	\$49,106	\$5,954
Total	\$486,060	\$390,861	\$95,199

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

	2023
Cash Management Pool:	
Demand deposits	\$687,610
Total deposits	687,610
STAR Ohio	768,549
Common stock (at cost)	182,335
Total investments	950,884
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$1,638,494

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library; or collateralized through 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.

The Library had cash on hand in the amount of \$150 at December 31, 2023.

At December 31, 2023 the Library held the following equity securities which were donated to the Library:

Stock	Donated Value	Market Value 12/31/2023
CMS Energy Corporation (70 shares)	\$1,554	\$4,433
Middlefield Banking Company (6,321 shares)	\$180,781	\$204,611

Investments

A financial institution's trust department holds the Library's equity securities in book entry form in the Library's name.

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

Note 5 – Grants in Aid and 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

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Note 6 – Risk Management

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

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

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent of their gross salaries, and the Library contributed an amount equaling fourteen percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2023.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8- Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Contingent Liabilities

The Library may be defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Library’s financial condition.

Note 10 – Fund Balances

Included in fund balance are amounts the Library cannot spend, including the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

Fund Balances	Permanent	Total
Nonspendable:		
Corpus	58,574	58,574
Total	\$58,574	\$58,574

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

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**ADA PUBLIC LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 199,708	\$ -	\$ -	\$ -	\$ 199,708
Public Library	256,091	-	-	-	256,091
Intergovernmental	13,796	33,022	-	-	46,818
Patron Fines and Fees	4,421	-	-	-	4,421
Contributions, Gifts and Donations	538	33,665	-	-	34,203
Earnings on Investments	110,369	-	-	1,110	111,479
Miscellaneous	1,000	3,328	-	-	4,328
Total Cash Receipts	<u>585,923</u>	<u>70,015</u>	<u>-</u>	<u>1,110</u>	<u>657,048</u>
Cash Disbursements:					
Current:					
Library Services	349,552	51,384	-	-	400,936
Capital Outlay	1,308	-	-	-	1,308
Total Cash Disbursements	<u>350,860</u>	<u>51,384</u>	<u>-</u>	<u>-</u>	<u>402,244</u>
Excess of Receipts Over/ (Under) Disbursements	235,063	18,631	-	1,110	254,804
Other Financing Receipts/ (Disbursements):					
Transfers In	-	3,232	-	-	3,232
Transfers Out	(3,232)	-	-	-	(3,232)
Total Other Financing Receipts/ (Disbursements)	<u>(3,232)</u>	<u>3,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	<u>231,831</u>	<u>21,863</u>	<u>-</u>	<u>1,110</u>	<u>254,804</u>
Fund Cash Balances, January 1	550,350	434,878	72,923	111,065	1,169,216
Fund Cash Balances, December 31	<u>\$ 782,181</u>	<u>\$ 456,741</u>	<u>\$ 72,923</u>	<u>\$ 112,175</u>	<u>\$ 1,424,020</u>

The notes to the financial statements are an integral part of this statement.

**ADA PUBLIC LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Additions:	
Earnings on Investments	26
Total Cash Receipts	<u>26</u>
Net Change in Fund Balances	26
Fund Cash Balances, January 1	<u>1,272</u>
Fund Cash Balances, December 31	<u><u>\$ 1,298</u></u>

The notes to the financial statements are an integral part of this statement.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Ada Public Library (the Library), Hardin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Ada Exempted Village School District’s Board appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

A.C. Stambaugh Trust Fund The A.C. Stambaugh trust fund accounts for and reports the receipt of donations and interest income for the purchase of books, reference materials, and supplies.

Memorial Donations Fund The memorial donations fund accounts for and reports the receipt of interest income for the purchase of books, furniture, clocks and materials.

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

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Project Fund The capital projects fund accounts for and reports the receipt of earnings on investments for the acquisition or construction of capital facilities and other capital assets.

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

Lee & Mildred Henning Fund The Lee & Mildred Henning fund accounts for and reports the receipt of earnings on investments to be used for the maintenance of the building.

Private-Purpose Trust Fund Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library's private purpose trust fund, the A.S. Stambaugh Grave Fund, is for the care and maintenance of the Avaneil C. Stambaugh cemetery plot.

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

The Library values common stock at fair value when donated. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

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

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

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$445,183	\$585,923	\$140,740
Special Revenue	\$69,085	\$73,247	\$4,162
Permanent	\$192	\$1,110	\$918
Private Purpose Trust	\$0	\$26	\$26
Total	\$514,460	\$660,306	\$145,846

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$380,340	\$354,092	\$26,248
Special Revenue	\$61,106	\$51,384	\$9,722
Total	\$441,446	\$405,476	\$35,970

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

	2022
Cash Management Pool:	
Demand deposits	\$513,495
Total deposits	513,495
STAR Ohio	729,488
Common stock (at cost)	182,335
Total investments	911,823
Total deposits and investments	\$1,425,318

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library; or collateralized through 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.

The Library had cash on hand in the amount of \$150 at December 31, 2022.

At December 31, 2022 the Library held the following equity securities which were donated to the Library:

Stock	Donated Value	Market Value 12/31/2022
CMS Energy Corporation (70 shares)	\$1,554	\$4,433
Middlefield Banking (6,321 shares) Company	\$180,781	\$173,195

Investments

A financial institution’s trust department holds the Library’s equity securities in book entry form in the Library’s name.

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

Note 5 – Grants in Aid and 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

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments’ Grants In Aid. Payments are due to the County by December 31. If the property

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

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

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

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent of their gross salaries, and the Library contributed an amount equaling fourteen percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2022.

Ada Public Library
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8- Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Note 9 – Contingent Liabilities

The Library may be defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Library’s financial condition.

Note 10 – Fund Balances

Included in fund balance are amounts the Library cannot spend, including the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

Fund Balances	Permanent	Total
Nonspendable:		
Corpus	58,574	58,574
Total	\$58,574	\$58,574

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



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

Ada Public Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Ada Public Library, Hardin County, (the Library) and have issued our report thereon dated June 28, 2024, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Purpose of This Report

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



BHM CPA Group, Inc.
Circleville, Ohio
June 28, 2024

ADA PUBLIC LIBRARY
HARDIN COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINDING NUMBER 2023-001

Significant Deficiency

Sound financial reporting is the responsibility of the Fiscal Officer and the Board and is essential to ensure the information provided to the users of the financial statements is complete and accurate.

Errors were identified during auditing procedures. The following errors were identified and adjusted on the financial statements:

2022

- Beginning balance in the General fund increased by \$114 to account for stocks not previously recorded on the financial statements;
- Earnings on Investment in the General fund increased by \$96,366 to account for a stock conversion that led to an increase in the cost basis value of their investments that was not recorded on the financial statements;
- Numerous corrections and updates were required for the notes to the financial statements.

2023

- Beginning balance in the General Fund increased by \$96,480 to carry forward adjustments made to 2022 financial statements;
- Beginning balance in the Special Revenue Funds increased by \$9,393 and decreased in the General Fund by \$9,393 to account for monies in the Historical Preservation Fund being recorded on the financial statements in the General Fund;
- Numerous corrections and updates were required for the notes to the financial statements.

Failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Library's ability to make sound financial decisions, the Library's ability to comply with budgetary law, and may result in material misstatements of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner. The Library should have procedures in place to help assure the accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials Response: We did not receive a response to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



ADA PUBLIC LIBRARY

HARDIN 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 9/10/2024

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

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