
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

MINERVA PUBLIC LIBRARY

STARK COUNTY

A&A
REGULAR AUDIT

FOR THE YEARS ENDED

DECEMBER 31, 2019 - 2018

6927 Burgundy Ave NW
North Canton, OH 44720
Phone (330) 353-5851
Fax (330) 768-7574

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Minerva Public Library
677 Lynnwood Drive
Minerva, Ohio 44657

We have reviewed the *Independent Auditor's Report* of Minerva Public Library, Stark County, prepared by Alger & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. Minerva Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2020

This page intentionally left blank.

**MINERVA PUBLIC LIBRARY
STARK COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|------|
| Independent Auditor’s Report | 1 |
| Prepared by Management: | |
| Statement of Net Position – Cash Basis For the Year Ended December 31, 2019 | 3 |
| Statement of Activities – Cash Basis For the Year Ended December 31, 2019 | 4 |
| Statement of Assets and Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2019..... | 5 |
| Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2019..... | 6 |
| Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis - General Fund For the Year Ended December 31, 2019..... | 7 |
| 2019 Notes to the Basic Financial Statements | 9 |
| Statement of Net Position – Cash Basis For the Year Ended December 31, 2018 ----- | 21 |
| Statement of Activities – Cash Basis For the Year Ended December 31, 2018 ----- | 22 |
| Statement of Assets and Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2018 ----- | 23 |
| Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2018 ----- | 24 |
| Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis - General Fund For the Year Ended December 31, 2018 ----- | 25 |
| 2018 Notes to the Basic Financial Statements ----- | 27 |
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 39 |
| Schedule of Audit Findings | 41 |

This page intentionally left blank



ALGER & ASSOCIATES, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Minerva Public Library
Stark County
677 Lynnwood Drive
Minerva, Ohio 44657

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Minerva Public Library, Stark County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

6927 Burgundy Ave NW
North Canton, OH 44720
Phone – 330-353-5851
Fax – 330-768-7574

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Minerva Public Library, Stark County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

Karen S
Alger, CPA

Digitally signed by Karen S Alger,
CPA
DN: cn=Karen S Alger, CPA,
o=Alger & Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2020.11.30 16:15:51 -05'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

November 19, 2020

Minerva Public Library, Stark County
Statement of Net Position - Cash Basis
December 31, 2019

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$501,000</u></u> |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$133,848 |
| Unrestricted | <u>367,152</u> |
| <i>Total Net Position</i> | <u><u>\$501,000</u></u> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

| | 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: | | | | |
| Public Services and Programs | \$433,334 | \$11,312 | \$7,349 | (\$414,673) |
| Collection Development and Processing | 77,050 | | | (77,050) |
| Support Services: | | | | |
| Facilities Operation and Maintenance | 79,084 | | | (79,084) |
| Business Administration | 48,534 | | | (48,534) |
| Capital Outlay | 48,244 | | | (48,244) |
| <i>Total Governmental Activities</i> | <u>\$686,246</u> | <u>\$11,312</u> | <u>\$7,349</u> | <u>(\$667,585)</u> |
| General Receipts: | | | | |
| Other Local Taxes | | | | 22 |
| Unrestricted Gifts and Contributions | | | | 2,672 |
| Grants/Entitlements not Restricted to Specific Progra | | | | 687,048 |
| Earnings on Investments | | | | 6,092 |
| Miscellaneous | | | | 1,644 |
| <i>Total General Receipts</i> | | | | <u>697,478</u> |
| Change in Net Position | | | | 29,893 |
| <i>Net Position Beginning of Year</i> | | | | <u>471,107</u> |
| <i>Net Position End of Year</i> | | | | <u>\$501,000</u> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2019

| | General | Capital Projects Funds | Total Governmental Funds |
|--|------------------|------------------------------|--------------------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$367,152 | \$133,848 | \$501,000 |
| Fund Balances | | | |
| Restricted | | \$22,757 | \$22,757 |
| Assigned | \$60,858 | 111,091 | 171,949 |
| Unassigned | 306,294 | | 306,294 |
| <i>Total Fund Balances</i> | <i>\$367,152</i> | <i>\$133,848</i> | <i>\$501,000</i> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

| | General | Capital Projects Funds | Total Governmental Funds |
|--|------------------|------------------------------|--------------------------------|
| Receipts | | | |
| Property and Other Local Taxes | \$22 | | \$22 |
| Public Library | 687,048 | | 687,048 |
| Intergovernmental | 4,999 | | 4,999 |
| Patron Fines and Fees | 9,132 | | 9,132 |
| Contributions, Gifts and Donations | 5,022 | | 5,022 |
| Earnings on Investments | 6,092 | | 6,092 |
| Miscellaneous | 3,824 | | 3,824 |
| <i>Total Receipts</i> | <u>716,139</u> | | <u>716,139</u> |
| Disbursements | | | |
| Current: | | | |
| Library Services: | | | |
| Public Services and Programs | 433,334 | | 433,334 |
| Collection Development and Processing | 77,050 | | 77,050 |
| Support Services: | | | |
| Facilities Operation and Maintenance | 79,084 | | 79,084 |
| Business Administration | 48,534 | | 48,534 |
| Capital Outlay | 900 | \$47,344 | 48,244 |
| <i>Total Disbursements</i> | <u>638,902</u> | <u>47,344</u> | <u>686,246</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>77,237</u> | <u>(47,344)</u> | <u>29,893</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | | 50,000 | 50,000 |
| Transfers Out | (50,000) | | (50,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(50,000)</u> | <u>50,000</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 27,237 | 2,656 | 29,893 |
| <i>Fund Balances Beginning of Year</i> | <u>339,915</u> | <u>131,192</u> | <u>471,107</u> |
| <i>Fund Balances End of Year</i> | <u>\$367,152</u> | <u>\$133,848</u> | <u>\$501,000</u> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

| | Budgeted Amounts | | Actual | (Optional) Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$35 | \$35 | \$22 | (\$13) |
| Public Library | 668,847 | 668,847 | 687,048 | 18,201 |
| Intergovernmental | | | 4,999 | 4,999 |
| Patron Fines and Fees | 8,975 | 8,975 | 9,132 | 157 |
| Contributions, Gifts and Donations | 6,000 | 6,000 | 5,022 | (978) |
| Earnings on Investments | 2,500 | 2,500 | 6,092 | 3,592 |
| Miscellaneous | 925 | 925 | 3,824 | 2,899 |
| <i>Total Receipts</i> | <i>687,282</i> | <i>687,282</i> | <i>716,139</i> | <i>28,857</i> |
| Disbursements | | | | |
| Current: | | | | |
| Library Services: | | | | |
| Public Services and Programs | 447,401 | 450,165 | 433,334 | 16,831 |
| Collection Development and Processing | 95,450 | 95,340 | 77,050 | 18,290 |
| Support Services: | | | | |
| Facilities Operation and Maintenance | 94,415 | 100,591 | 79,084 | 21,507 |
| Business Administration | 56,700 | 52,870 | 48,534 | 4,336 |
| Capital Outlay | 2,000 | 2,000 | 900 | 1,100 |
| <i>Total Disbursements</i> | <i>695,966</i> | <i>700,966</i> | <i>638,902</i> | <i>62,064</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>(8,684)</i> | <i>(13,684)</i> | <i>77,237</i> | <i>90,921</i> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (15,000) | (50,000) | (50,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | <i>(15,000)</i> | <i>(50,000)</i> | <i>(50,000)</i> | <i>-</i> |
| <i>Net Change in Fund Balance</i> | <i>(23,684)</i> | <i>(63,684)</i> | <i>27,237</i> | <i>90,921</i> |
| <i>Unencumbered Fund Balance Beginning of Year</i> | <i>339,915</i> | <i>339,915</i> | <i>339,915</i> | <i>-</i> |
| Prior Year Encumbrances Appropriated | - | - | - | - |
| <i>Unencumbered Fund Balance End of Year</i> | <i>\$316,231</i> | <i>\$276,231</i> | <i>\$367,152</i> | <i>\$90,921</i> |

See accompanying notes to the basic financial statements

This page intentionally left blank

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Description of the Library and Reporting Entity

The Minerva Public Library was organized as a school district public library in 1911 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Minerva Local School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Minerva Local School District.

The Library participates in one jointly governed organization and two public entity risk pools. Notes 10 and 11 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Northeast Ohio Regional Library System (NEO-RLS)

Public Entity Risk Pools:

Ohio Plan Risk Management

Stark County Schools Council of Governments

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 Minerva Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library’s accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. 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 other non-exchange transactions.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. The Library's two major funds are presented in separate columns.

Fund Accounting

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

Governmental Funds: Governmental funds are those through which most governmental functions of the Library are financed. Minerva Public Library governmental funds are financed primarily from intergovernmental receipts 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 not accounted for and reported in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects Fund – the Capital Projects Fund accounts for monies committed or assigned by the Board specifically for major capital and technology improvements.

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

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 expenses and liabilities) are not recorded in these financial statements.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustees' 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 character or major category of the object 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 cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2019, investments were limited to a savings account and nonnegotiable certificates of deposit. The library's savings account is recorded at \$22,032 the amount reported by JP Morgan Chase Bank on December 31, 2019.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt-related restrictions. Total interest receipts credited to the General Fund during 2019 amounted to \$6,092.

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 externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$22,757 restricted by donors to the *Capital Project Fund* to be used for building improvements.

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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for certain types and percentages of unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include federal and state grants restricted to cash disbursements for specified purposes.

The Library's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources 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. It also includes the long-term amount of interfund loans.

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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

Fund Balance *(continued)*

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Library Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

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 that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). There were no encumbrances outstanding at year end (budgetary basis) for the General Fund.

Note 4 - Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active deposits 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;

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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.

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 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 \$271 in undeposited petty cash on hand, which is included on the balance sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Interfund Transfers

During 2019, the General Fund transferred \$50,000 to the Capital Projects Fund. This transfer was made to use unrestricted receipts collected in the General Fund to finance future facility's needs, technology, and projects.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 - Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2019, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2019.

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

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

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

Note 7 - Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Library participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits. 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. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plan (continued)

| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| 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 | 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 | 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 |

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.

When a traditional plan benefit recipient has received benefits for 12 months, 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. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, 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 purchase of a monthly defined benefit annuity from OPERS (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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plan (continued)

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

| | State and Local |
|--|--------------------|
| 2018 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2018 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits | 0.0 |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

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

The Library's contractually required contribution of 14% was \$45,399 for year 2019.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – 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, multi-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR 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. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits *(continued)*

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contribution contractually required contribution was \$45,399 for the year 2019.

Note 9 – Leases

In 2019, the Library had an ongoing lease agreement with the Auditor of State's Office for Uniform Accounting Network (UAN) software and computer hardware. UAN fees are calculated on the Library's total resources (unencumbered beginning of the year cash balances plus all receipts and other financing sources except inter-fund advances, transfers, and the proceeds from the sale of bonds, notes and other debt). The total paid for UAN hardware and software during 2019 was \$3,048. The Library also has a lease agreement with Graphic Enterprises for the OKI ES9465 copier system located in Adult Services. Payments are made to Great America Financial Services and were \$2,268 in 2019. December 2019 the library leased two new copiers with Copeco. The library leased (1) Sharp 3051 and (1) HP 479 for 63 months at \$409.95 monthly for a total of \$25,827. Future lease payments will be made to Wells Fargo.

Note 10 – Jointly Governed Organizations

The Library is associated with Northeast Ohio Regional Library System (NEO-RLS) which is defined as a Jointly Governed Organization under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. The Library pays annual membership dues to participate in programs and training.

Note 11 – Public Entity Risk Pool

In April 2007, the Library contracted with The Ohio Plan for property and liability insurance. Upon joining The Ohio Plan each member executes a written agreement establishing and maintaining the risk coverage program. The membership document, in conjunction with the Administration Agreement between the Plan and its Administrator, Hylant Administrative Services, Inc. and the Code of Regulations, constitute the Plan's written agreement with its members. Member political subdivisions maintain control and supervision over the program. The Plan is managed by a Board of Directors, which is composed of individual representatives from various Plan members. Participation by Plan members is through attendance at the open meetings of the Plan's Board and/or communication with the Plan agent or Administrator.

On June 1, 2014, the Library entered into an agreement for self-funded health insurance through the Stark County Schools Council of Governments (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of approximately 100 entities, most of which are school districts. The Library provides health and life insurance coverage through the Council. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 12 – Fund Balances

Fund balance is classified as non-spendable, 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 all governmental funds are presented below for FY 2019:

| Fund Balances | General | Capital Project Funds | Total |
|--------------------------------|-----------|-----------------------------|-----------|
| Restricted for | | | |
| Building Improvements | | \$22,757 | 22,757 |
| <i>Total Restricted</i> | - | 22,757 | 22,757 |
| Assigned to | | | |
| Capital Project | | \$111,091 | \$111,091 |
| Subsequent year appropriations | \$60,858 | | 60,858 |
| <i>Total Assigned</i> | 60,858 | 111,091 | 171,949 |
| Unassigned (Deficit) | 306,294 | | \$306,294 |
| <i>Total Fund Balances</i> | \$367,152 | \$133,848 | \$501,000 |

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

This page intentionally left blank

Minerva Public Library, Stark County
Statement of Net Position - Cash Basis
December 31, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$471,107</u></u> |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$131,192 |
| Unrestricted | <u>339,915</u> |
| <i>Total Net Position</i> | <u><u>\$471,107</u></u> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

| | 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: | | | |
| Public Services and Programs | \$281,972 | \$9,051 | \$2,800 |
| Collection Development and Processing | 74,212 | | (\$270,121) |
| Support Services: | | | (74,212) |
| Facilities Operation and Maintenance | 106,927 | | (106,927) |
| Business Administration | 165,741 | | (165,741) |
| Capital Outlay | 41,660 | | (41,660) |
| <i>Total Governmental Activities</i> | <u>\$670,512</u> | <u>\$9,051</u> | <u>\$2,800</u> |
| General Receipts: | | | |
| Other Local Taxes | | | 24 |
| Unrestricted Gifts and Contributions | | | 3,966 |
| Grants/Entitlements not Restricted to Specific Programs | | | 663,799 |
| Earnings on Investments | | | 2,989 |
| Miscellaneous | | | 919 |
| <i>Total General Receipts</i> | | | <u>671,697</u> |
| Change in Net Position | | | 13,036 |
| <i>Net Position Beginning of Year</i> | | | <u>458,071</u> |
| <i>Net Position End of Year</i> | | | <u>\$471,107</u> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2018

| | General | Capital Projects Funds | Total Governmental Funds |
|--|-----------|------------------------------|--------------------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$339,915 | \$131,192 | \$471,107 |
| Fund Balances | | | |
| Restricted | | \$23,657 | \$23,657 |
| Assigned | \$28,684 | 107,535 | 136,219 |
| Unassigned | 311,231 | | 311,231 |
| <i>Total Fund Balances</i> | \$339,915 | \$131,192 | \$471,107 |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

| | General | Capital Projects Funds | Total Governmental Funds |
|--|-------------------------|------------------------------|--------------------------------|
| Receipts | | | |
| Property and Other Local Taxes | \$24 | | \$24 |
| Public Library | 663,799 | | 663,799 |
| Patron Fines and Fees | 8,808 | | 8,808 |
| Contributions, Gifts and Donations | 6,752 | \$14 | 6,766 |
| Earnings on Investments | 2,989 | | 2,989 |
| Miscellaneous | 1,154 | 8 | 1,162 |
| <i>Total Receipts</i> | <u>683,526</u> | <u>22</u> | <u>683,548</u> |
| Disbursements | | | |
| Current: | | | |
| Library Services: | | | |
| Public Services and Programs | 281,972 | | 281,972 |
| Collection Development and Processing | 74,212 | | 74,212 |
| Support Services: | | | |
| Facilities Operation and Maintenance | 106,927 | | 106,927 |
| Business Administration | 165,741 | | 165,741 |
| Capital Outlay | | 41,660 | 41,660 |
| <i>Total Disbursements</i> | <u>628,852</u> | <u>41,660</u> | <u>670,512</u> |
| <i>Net Change in Fund Balances</i> | 54,674 | (41,638) | 13,036 |
| <i>Fund Balances Beginning of Year</i> | <u>285,241</u> | <u>172,830</u> | <u>458,071</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$339,915</u></u> | <u><u>\$131,192</u></u> | <u><u>\$471,107</u></u> |

See accompanying notes to the basic financial statements

Minerva Public Library, Stark County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2018*

| | Budgeted Amounts | | | (Optional) Variance with Final Budget |
|--|------------------|-----------|-----------|---|
| | Original | Final | Actual | Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$35 | \$35 | \$24 | (\$11) |
| Public Library | 638,827 | 638,828 | 663,799 | 24,971 |
| Patron Fines and Fees | 11,900 | 11,900 | 8,808 | (3,092) |
| Contributions, Gifts and Donations | 6,800 | 6,800 | 6,752 | (48) |
| Earnings on Investments | 1,800 | 1,800 | 2,989 | 1,189 |
| Miscellaneous | 1,275 | 1,275 | 1,154 | (121) |
| <i>Total Receipts</i> | 660,637 | 660,638 | 683,526 | 22,888 |
| Disbursements | | | | |
| Current: | | | | |
| Library Services: | | | | |
| Public Services and Programs | 295,187 | 295,008 | 281,972 | 13,036 |
| Collection Development and Processing | 75,996 | 79,419 | 74,212 | 5,207 |
| Support Services: | | | | |
| Facilities Operation and Maintenance | 119,462 | 121,212 | 106,927 | 14,285 |
| Business Administration | 188,535 | 183,542 | 165,741 | 17,801 |
| <i>Total Disbursements</i> | 679,180 | 679,181 | 628,852 | 50,329 |
| <i>Net Change in Fund Balance</i> | (18,543) | (18,543) | 54,674 | 73,217 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 283,392 | 283,392 | 283,392 | - |
| Prior Year Encumbrances Appropriated | 1,849 | 1,849 | 1,849 | - |
| <i>Unencumbered Fund Balance End of Year</i> | \$266,698 | \$266,698 | \$339,915 | \$73,217 |

See accompanying notes to the basic financial statements

This page intentionally left blank

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Library and Reporting Entity

The Minerva Public Library was organized as a school district public library in 1911 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Minerva Local School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Minerva Local School District.

The Library participates in one jointly governed organization and two public entity risk pools. Notes 9 and 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Northeast Ohio Regional Library System (NEO-RLS)

Public Entity Risk Pools:

Ohio Plan Risk Management

Stark County Schools Council of Governments

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 Minerva Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library’s accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. 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 other non-exchange transactions.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds: Governmental funds are those through which most governmental functions of the Library are financed. Minerva Public Library governmental funds are financed primarily from intergovernmental receipts 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 not accounted for and reported in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects Fund – the Capital Projects Fund accounts for monies committed or assigned by the Board specifically for major capital and technology improvements.

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

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 expenses and liabilities) are not recorded in these financial statements. The Library uses a cash basis of accounting because it has non-pooled investments which are part of the General Fund only.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustees' 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 character or major category of the object 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 cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2018, investments were limited to a savings account and nonnegotiable certificates of deposit. The library's savings account is recorded at \$21,993 the amount reported by JP Morgan Chase Bank on December 31, 2018.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt-related restrictions. Total interest receipts credited to the General Fund during 2018 amounted to \$2,989.

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 externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$23,657 restricted by donors to the *Capital Project Fund* to be used for building improvements.

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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for certain types and percentages of 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 6 and 7, 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 bonds and other long-term obligations. Proceeds of debt would be reported when the cash is received and principal and interest payments would be reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include federal and state grants restricted to cash disbursements for specified purposes.

The Library's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources 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. It also includes the long-term amount of interfund loans.

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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

Fund Balance *(continued)*

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Library Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

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 that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). There were no encumbrances outstanding at year end (budgetary basis) for the General Fund.

Note 4 - Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active deposits 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;

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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.

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 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 \$345 in undeposited petty cash on hand, which is included on the balance sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 - 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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 5 - Risk Management *(continued)*

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

| | |
|-----------------|---------------------|
| Assets | \$15,065,412 |
| Liabilities | <u>(10,734,623)</u> |
| Members’ Equity | <u>\$ 4,330,789</u> |

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

Note 6 - Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Library participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits. 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. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 6 - Defined Benefit Pension Plan *(continued)*

| 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 |
| 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 | 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 | 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 |

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.

When a benefit recipient has received benefits for 12 months, 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. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, 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 purchase of a monthly defined benefit annuity from OPERS (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.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 6 - Defined Benefit Pension Plan (continued)

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

| | State and Local |
|--|--------------------|
| 2018 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2018 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits | 0.0 |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

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

The Library’s contractually required contribution was \$48,461 for year 2018.

Note 7 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – 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, multi-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR 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. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Postemployment Benefits *(continued)*

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, 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 2018, 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library’s contribution contractually required contribution was \$48,461 for the year 2018.

Note 8 – Leases

In 2018, the Library had an ongoing lease agreement with the Auditor of State’s Office for Uniform Accounting Network (UAN) software and computer hardware. UAN fees are calculated on the Library’s total resources (unencumbered beginning of the year cash balances plus all receipts and other financing sources except inter-fund advances, transfers, and the proceeds from the sale of bonds, notes and other debt). The total paid for UAN hardware and software during 2018 was \$2,598. The Library also has a lease agreement with Graphic Enterprises for the OKI ES9465 copier system located in Adult Services. Payments are made to Great America Financial Services and were \$2,232 in 2018. Future lease payments are approximated as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-----------------|
| 2019 | \$5,280 |
| 2020 | 3,792 |
| 2021 | <u>3,792</u> |
| Total | <u>\$12,864</u> |

Note 9 – Jointly Governed Organizations

The Library is associated with Northeast Ohio Regional Library System (NEO-RLS) which is defined as a Jointly Governed Organization under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. The Library pays annual membership dues to participate in programs and training.

Note 10 – Public Entity Risk Pool

In April 2007, the Library contracted with The Ohio Plan for property and liability insurance. Upon joining The Ohio Plan each member executes a written agreement establishing and maintaining the risk coverage program. The membership document, in conjunction with the Administration Agreement between the Plan and its Administrator, Hylant Administrative Services, Inc. and the Code of Regulations, constitute the Plan’s written agreement with its members. Member political subdivisions maintain control and supervision over the program. The Plan is managed by a Board of Directors, which is composed of individual representatives from various Plan members. Participation by Plan members is through attendance at the open meetings of the Plan’s Board and/or communication with the Plan agent or Administrator.

Minerva Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 10 – Public Entity Risk Pool *(continued)*

On June 1, 2014, the Library entered into an agreement for self-funded health insurance through the Stark County Schools Council of Governments (the “Council”). The Council has a Health Benefits Program which is a shared risk pool comprised of approximately 100 entities, most of which are school districts. The Library provides health and life insurance coverage through the Council. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects’ officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services.

Note 11 – Fund Balances

Fund balance is classified as non-spendable, 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 all governmental funds are presented below for FY 2018:

| Fund Balances | General | Capital Project Fund | Total |
|--------------------------------|-----------|----------------------------|-----------|
| Restricted for | | | |
| Building Improvements | | \$23,657 | \$23,657 |
| <i>Total Restricted</i> | - | 23,657 | 23,657 |
| Assigned to | | | |
| Capital Project | | \$107,535 | \$107,535 |
| Subsequent year appropriations | \$28,684 | | 28,684 |
| <i>Total Assigned</i> | 28,684 | 107,535 | 136,219 |
| Unassigned (Deficit) | 311,231 | | \$311,231 |
| <i>Total Fund Balances</i> | \$339,915 | \$131,192 | \$471,107 |

This page intentionally left blank



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Minerva Public Library
Stark County
677 Lynnwood Drive
Minerva, Ohio 44657

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the modified cash-basis financial statements of the governmental activities and each major fund of the Minerva Public Library, Stark Count, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated November 19, 2020, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. In addition, as disclosed in Note 13, the United States and the State of Ohio declared a state of emergency in March, 2020 due to the COVID-19 pandemic. The ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Karen S
Alger, CPA**

Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, o=Alger
& Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2020.11.30 16:16:12 -05'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

November 19, 2020

Minerva Public Library, Ohio
Stark County
SCHEDULE OF FINDINGS
December 31, 2018 - 2019

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

FINDING NUMBER 2019-001

Material Weakness– Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The restricted fund balance includes amounts when when constraints placed on the use of resources are either by externally imposed creditors or is imposed by law through constitutional provisions. The committed fund balance includes amounts when constraints for the specific purposes imposed by formal action (resolution) of Library Trustees. 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. The assigned fund balance includes amount that are constrained by government’s intent to be used for specific purpose, but are neither restricted nor committed.

The following errors required reclassifications to the financial statements for the year ended December 31, 2019:

- Subsequent year appropriations over estimated receipts with the General Fund of \$60,858 were improperly accounted for as unassigned rather than assigned fund balance;
- The Library’s Capital Project Fund ending fund balance of \$111,091 was classified as restricted. The fund balance amount should have been classified as assigned;
- Investments in the General Fund was overstated by \$222,542 due the Library improperly classifying nonnegotiable certificates of deposit as investments instead of equity in pooled cash and cash equivalents.

We also identified the following errors requiring reclassifications to the financial statements for the year ended December 31, 2018:

- Subsequent year appropriations over estimated receipts with the General Fund of \$28,684 were improperly accounted for as unassigned rather than assigned fund balance;
- The Library’s Capital Project Fund ending fund balance of \$107,535 was classified as restricted. The fund balance amount should have been classified as assigned;
- Investments in the General Fund was overstated by \$218,375 due the Library improperly classifying nonnegotiable certificates of deposit as investments instead of equity in pooled cash and cash equivalents.

The financial statements reflect all of the above corrections.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The accompanying financial statements and, where applicable, the Library’s accounting records have been adjusted to correct these errors. Failure to complete accurate financial statements could lead to the Board making misinformed decisions.

Minerva Public Library, Ohio
Stark County
SCHEDULE OF FINDINGS
December 31, 2018 - 2019

FINDING NUMBER 2019-001 *(continued)*

To help ensure the Library's financial statements and notes to the financial statements are complete and accurate, the Library should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions. Also, the Fiscal Officer should review the subsequent year appropriations and estimated resources to determine if the General Fund appropriations exceed estimated resources. The excess amount should be reported as assigned fund balance within the General Fund's fund balance in accordance with the provisions of GASB 54, paragraph 16 and Implementation Guide Z.54.13. The Fiscal Officer can refer to the Auditor of State Bulletin 2011-004.

OHIO AUDITOR OF STATE KEITH FABER



MINERVA PUBLIC LIBRARY

STARK 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 12/29/2020

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