



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**DAYTON METRO LIBRARY
MONTGOMERY COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023**



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Columbus, Ohio 43215
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Board of Trustees
Dayton Metro Library
215 East Third Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of the Dayton Metro Library, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental entity should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

Former Fiscal Officer Christina Sanders was responsible for the timely remittance of payroll withholdings to the appropriate authority. The following penalties were incurred and paid as a result of untimely filings:

- \$191.76 for late filing of 2021 Quarter 2 Federal 720 Form
- \$128.88 for late filing of 2021 Quarter 2 Federal 941 Form
- \$1,430.90 for late filing of 2021 Quarter 4 Federal 941 Form

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Christina Sanders and their bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of \$1,751.54, and in favor of the Dayton Metro Library, General Fund, in the amount of \$1,751.54.

In addition to the Finding for Recovery reported above, the Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date

Board of Trustees
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215 East Third Street
Dayton, Ohio 45402
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Dayton Metro Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

May 27, 2025

DAYTON METRO LIBRARY
MONTGOMERY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Dayton Metro Library
Montgomery County
215 East Third Street
Dayton, Ohio 45402

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities and each major fund of the Dayton Metro Library, Montgomery County, Ohio (the Library), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and each major fund of the Dayton Metro Library as of December 31, 2023, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

January 31, 2025

Dayton Metro Library
Montgomery County
Statement of Net Position - Modified Cash Basis
December 31, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 16,715,653
Restricted Assets:	
Investments Held by Trustees	4,189,751
Investment in Segregated Accounts	13,109,445
<i>Total Assets</i>	<u><u>\$ 34,014,849</u></u>
 Net Position	
Restricted for:	
Construction Projects	\$ 252,789
Debt Service	4,189,751
Unrestricted	29,572,309
<i>Total Net Position</i>	<u><u>\$ 34,014,849</u></u>

See accompanying notes to the basic financial statements.

Dayton Metro Library
Montgomery County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2023

		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				
Library Services:				
Public Service and Programs	\$ 18,483,870	\$ 123,109	\$ 400,302	\$ (17,960,459)
Collection Development and Processing	6,660,844	-	-	(6,660,844)
Support Services:				
Facilities Operation and Maintenance	2,627,732	-	-	(2,627,732)
Information Services Support	2,045,964	113,655	-	(1,932,309)
Business Administration	7,094,399	-	-	(7,094,399)
Capital Outlay				
Construction Project	5,630,014	-	-	(5,630,014)
Other	1,805,081	-	-	(1,805,081)
Debt Service:				
Principal Retirement	6,120,000	-	-	(6,120,000)
Interest and Fiscal Charges	3,949,696	-	-	(3,949,696)
Total Governmental Activities	\$ 54,417,600	\$ 236,764	\$ 400,302	(53,780,534)
General Receipts				
				11,159,009
				9,455,529
				14,400
				23,490,136
				2,046,497
				7,079
				95,618
Total General Receipts				46,268,268
Change in Net Position				(7,512,266)
Net Position Beginning of Year				41,527,115
Net Position End of Year				\$ 34,014,849

See accompanying notes to the basic financial statements.

Dayton Metro Library
Montgomery County
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2023

	General	Debt Service	Building & Repair Fund	Construction Taxable	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 16,462,864	\$ -	\$ -	\$ 252,789	\$ 16,715,653
Restricted Assets:					
Investments Held by Trustees	-	4,189,751	-	-	4,189,751
Investments in Segregated Accounts	685,921	-	12,423,524	-	13,109,445
Total Assets	\$ 17,148,785	\$ 4,189,751	\$ 12,423,524	\$ 252,789	\$ 34,014,849
Fund Balances					
Restricted for:					
Debt Service	\$ -	\$ 4,189,751	\$ -	\$ -	\$ 4,189,751
Construction Project	-	-	-	252,789	252,789
Committed to:					
Facility Improvements	-	-	12,423,524	-	12,423,524
Future Employee Compensation	2,199,812	-	-	-	2,199,812
Assigned to:					
Employee Benefits	2,028	-	-	-	2,028
Future Purchase Commitments	2,577,979	-	-	-	2,577,979
Subsequent Year Appropriations	4,218,949	-	-	-	4,218,949
Unassigned	8,150,017	-	-	-	8,150,017
Total Fund Balances	\$ 17,148,785	\$ 4,189,751	\$ 12,423,524	\$ 252,789	\$ 34,014,849

See accompanying notes to the basic financial statements.

Dayton Metro Library
Montgomery County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	General	Debt Service	Building and Repair Fund	Construction Taxable	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 11,159,009	\$ 9,455,529	\$ -	\$ -	\$ 20,614,538
Intergovernmental	22,292,120	1,198,016	-	-	23,490,136
Patron Fines and Fees	66,410	-	-	-	66,410
Services Provided to Other Entities	170,354	-	-	-	170,354
Contributions, Gifts and Donations	414,702	-	-	-	414,702
Earnings on Investments	1,082,821	375,014	538,874	49,788	2,046,497
Miscellaneous	95,618	-	-	-	95,618
Total Receipts	35,281,034	11,028,559	538,874	49,788	46,898,255
Disbursements					
Current:					
Library Services:					
Public Service and Programs	18,483,870	-	-	-	18,483,870
Collection Development and Processing	6,660,844	-	-	-	6,660,844
Support Services:					
Facilities Operation and Maintenance	2,627,732	-	-	-	2,627,732
Information Services	2,045,964	-	-	-	2,045,964
Business Administration	6,909,363	175,173	2,095	7,768	7,094,399
Capital Outlay	1,018,123	-	786,958	5,630,014	7,435,095
Debt Service:					
Principal Retirement	-	6,120,000	-	-	6,120,000
Interest and Fiscal Charges	-	3,949,696	-	-	3,949,696
Total Disbursements	37,745,896	10,244,869	789,053	5,637,782	54,417,600
Excess of Receipts Over (Under) Disbursements	(2,464,862)	783,690	(250,179)	(5,587,994)	(7,519,345)
Other Financing Sources					
Sale of Capital Assets	7,079	-	-	-	7,079
Total Other Financing Sources	7,079	-	-	-	7,079
Net Change in Fund Balances	(2,457,783)	783,690	(250,179)	(5,587,994)	(7,512,266)
Fund Balances Beginning of Year	19,606,568	3,406,061	12,673,703	5,840,783	41,527,115
Fund Balances End of Year	\$ 17,148,785	\$ 4,189,751	\$ 12,423,524	\$ 252,789	\$ 34,014,849

See accompanying notes to the basic financial statements.

Dayton Metro Library
Montgomery County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2023*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Receipts				
Property and Other Local Taxes	\$ 11,030,111	\$ 11,030,111	\$ 11,159,009	\$ 128,898
Intergovernmental	22,469,018	22,469,018	22,292,120	(176,898)
Patron Fines and Fees	65,000	65,000	66,410	1,410
Services Provided to Other Entities	175,000	175,000	170,354	(4,646)
Contributions, Gifts and Donations	325,000	325,000	414,702	89,702
Earnings on Investments	325,000	325,000	1,082,821	757,821
Miscellaneous	159,000	159,000	99,505	(59,495)
Total Receipts	34,548,129	34,548,129	35,284,921	736,792
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	24,174,969	24,333,869	24,030,596	303,273
Supplies	1,257,572	927,969	710,538	217,431
Purchased and Contract Services	8,394,245	8,257,230	8,256,690	540
Library Materials and Information	5,890,510	5,890,510	5,713,569	176,941
Other	228,992	229,402	229,384	18
Capital Outlay	1,993,423	1,654,423	1,383,098	271,325
Total Disbursements	41,939,711	41,293,403	40,323,875	969,528
Excess of Receipts Over (Under) Disbursements	(7,391,582)	(6,745,274)	(5,038,954)	1,706,320
Other Financing Sources				
Sale of Capital Assets	200	200	7,079	6,879
Total Other Financing Sources	200	200	7,079	6,879
Net Change in Fund Balance	(7,391,382)	(6,745,074)	(5,031,875)	1,713,199
Prior Year Encumbrances Appropriated	2,142,536	2,142,536	2,142,536	-
Unencumbered Fund Balance Beginning of Year	17,458,118	17,458,118	17,458,118	-
Unencumbered Fund Balance End of Year	\$ 12,209,272	\$ 12,855,580	\$ 14,568,779	\$ 1,713,199

See accompanying notes to the basic financial statements.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Description of the Library and Reporting Entity

The Dayton Metro Library is organized as a county district library under the laws of the State of Ohio. The Library has its own Board of Trustees consisting of seven members: four of whom are appointed by the Montgomery County Commissioners and three of whom are appointed by the Montgomery County Common Pleas Court Judges. 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 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library and financial accountability being the responsibility of the Executive Director and Fiscal Officer.

The Library is fiscally independent of Montgomery County, although Montgomery County 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, Montgomery County 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 Montgomery County.

Under the provisions of Government Accounting Standards Board Statement No. 61, "The Financial Reporting Entity Omnibus", the Library is considered a related organization to Montgomery County.

Related Organizations

The Friends of the Dayton Metro Library and the Dayton Metro Library Foundation are not-for-profit organizations with a self-appointing board. The Library is not financially accountable for the organizations, nor does the Library approve the budget or the issuance of debt of the organizations. The economic resources received or held by the Friends of the Library or the Dayton Metro Library are not significant to the Library. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Dayton Metro Library have been prepared on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. The most significant of the Library's accounting policies are described below.

A. 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.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library.

The statement of net position presents the cash, cash equivalent 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 activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grant 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 modified 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 financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Library had no non-major funds for the year ended December 31, 2023.

B. 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 governmental funds.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange 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 all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund – The debt service fund accounts for property taxes restricted for the purposes of repaying principal and interest on outstanding debt as they come due. See Note 13 for interest and bond repayment schedule.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Building and Repair Fund – The building and repair fund accounts for monies committed by the Board of Library Trustees specifically for building projects, including the improvements to the Library and construction of new and future facilities.

Construction Taxable Fund – The taxable construction fund accounts for the monies from the proceeds of taxable bonds restricted to the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping and, otherwise improving library buildings and facilities, and acquiring, clearing and improving the sites thereof.

C. Basis of Accounting

The Library's financial statements are prepared using the modified 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 modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

D. Budgetary Process

All funds, (except custodial funds), are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and major category of the 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.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. 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."

Cash and cash equivalents that are held separately in accounts at a financial institution for debt service are reported as "Restricted Assets: Investments Held by Trustees."

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

During 2023, the Library invested in negotiable certificates of deposit, U.S. treasury securities, federal agency securities, corporate bonds, commercial paper, and STAR Ohio. Investments are reported at market value, except for STAR Ohio.

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

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

F. Restricted Assets

Assets 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 reported at December 31, 2023 include the \$4,189,751 of investments held by a trustee for debt service.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Investments in Segregated Accounts

The Library has established specific investment portfolios for certain individual funds which are outside the cash and investment pool. The Library has determined to carry these investments at fair value, which include accrued interest. All investment income received through these investment portfolios, including accrued interest, are recognized as investment earnings receipts for the applicable fund.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund, Debt Service Fund, Building and Repair Fund, and Taxable Construction Fund, during 2023 amounted to \$1,082,821, \$375,014, \$538,874 and \$49,788, respectively.

H. 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.

I. 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.

J. Collections

The collections (materials including books, periodicals, audio visual, etc.) are not recognized as assets in the accompanying financial statements. Purchases of collection items are recorded as disbursements in the year in which the items are acquired (of which approximately \$5.0 million and \$4.8 million were acquired in 2023 and 2022, respectively). Contributed collection items are not reflected in the financial statements. Proceed from the sale of collections or insurance recoveries are reflected as receipts when received.

K. Accumulated Leave

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

L. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

M. Long-Term Obligations

The Library's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and payments and financed purchase payments are reported when paid.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Leases and SBITAs

For 2023, GASB Statement No. 96, *Subscription-Based Technology Arrangements*, was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Library is the lessor/lessee (as defined by GASB 87) in various leases related to buildings, vehicles and other equipment under noncancelable leases. Lease receivables/deferred inflow of resources and intangible right to use asset/lease payable are not reflected under the Library's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The Library has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription assets/liabilities are not reflected under the Library's modified cash basis of accounting. Subscription disbursements are recognized when they are paid.

O. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

P. Fund Balance

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

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

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

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

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For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (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.

Q. Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Library uses interfund transfers to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

R. Fair Value Measurements

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical asset; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Note 3 – Budgetary Basis of Accounting

Reconciliation of Budgetary Basis Results to Modified Cash Basis

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 modified cash basis is due to funds that were budgeted separately but combined with the general fund for reporting purposes and outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as a component of fund balance (modified cash basis). The table below reconciles the change in fund balance reported in the two statements.

Change in Fund Balance – Modified Cash Basis	\$ (2,457,783)
Perspective Differences	3,887
Outstanding Encumbrances	<u>(2,577,979)</u>
Change in Fund Balance – Budgetary Basis	<u>\$ (5,031,875)</u>

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For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

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Note 4 – Deposits and Investments (Continued)

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Except as noted above, 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.

At year end, the Library had \$1,883 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,304,290 of the Library's bank balance of \$2,713,553 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Library's financial institution were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

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

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

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

Investments

The Library reports their investments at stated fair value, which include accrued interest, or net asset value per share. As of December 31, 2023, the Library had the following investments:

Investment Type	Measurement Value	Investment Maturities (in Years)		
		Less than One Year	One to Three Years	Three to Five Years
Federal Home Loan Bank	\$ 755,088	\$ 755,088	\$ -	\$ -
U.S. Treasury Securities	19,474,621	19,474,621	-	-
Corporate Bonds	1,386,916	1,386,916	-	-
Commercial Paper	2,882,972	2,882,972	-	-
Negotiable Certificates of Deposit	6,555,668	5,536,026	1,019,642	-
STAR Ohio	1,425,442	1,425,442	-	-
	<u>\$ 32,480,707</u>	<u>\$ 31,461,065</u>	<u>\$ 1,019,642</u>	<u>\$ -</u>

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (Continued)

The Library's investments in negotiable certificates of deposit, federal agency securities, corporate bonds, commercial paper and US Treasury notes are valued based on Level 2 inputs.

Interest Rate Risk Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and that an investment be purchased with the expectation that it will be held to maturity.

Credit Risk Investments in Federal Agencies were rated AA+ by Standard and Poor's at December 31, 2023. The corporate bonds carry a rating of A-1 by Standard and Poor's. The commercial paper carries a ratings of A1 and A1+ by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. The Library's investment policy limits investments to those authorized by State statute. Star Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. At December 31, 2023 the Library's investment in commercial paper, negotiable certificates of deposit and U.S. Treasury Securities equaled 8.9%, 20.2% and 60.0% of total investments, respectively. These investments represent five percent or more of total investments.

Note 5 – Public Library Fund

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distribution made from January-June of the subsequent year. During 2023, the Library received \$20,613,164 from this funding source.

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Notes to the Basic Financial Statements
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Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2023, was \$3.04 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	\$ 7,732,319,760
Public Utility Personal Property	<u>487,733,170</u>
Total	<u>\$ 8,220,052,930</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 7 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Westfield Insurance	Buildings & Contents	\$207,806,176
Westfield Insurance	EDP Property	\$3,648,984
Westfield Insurance	Books & Audio	\$14,919,515
Westfield Insurance	Fine Arts	\$606,407
Westfield Insurance	Rare Books	\$1,524,584
Westfield Insurance	Third Party Property	\$75,000
Westfield Insurance	Water Intrusion	\$5,000,000
Traveler's Casualty	Cyber	\$2,000,000
Cincinnati Insurance Company	Public Officials	\$5,000,000
Cincinnati Insurance Company	Machinery & Equipment	\$65,000,000
Westfield Insurance	Automobile	\$1,000,000
Westfield Insurance	General Liability, (each occurrence)	\$1,000,000

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management (Continued)

Settled claims have not exceeded this coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

Note 8 – Defined Benefit Pension Plan

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

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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Note 8 – Defined Benefit Pension Plan – (Continued)

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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Notes to the Basic Financial Statements
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Note 8 – Defined Benefit Pension Plan – (Continued)

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2023, the Library's contractually required contribution was \$2,328,465 for the traditional plan, \$43,050 for the combined plan and \$107,310 for the member-directed plan.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

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Note 9 – Postemployment Benefits – (Continued)

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022,

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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Note 9 – Postemployment Benefits – (Continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$18,405 the year 2023.

Note 10 – Defined Contribution Plan

Employees of the Library may elect to participate in the Ohio Public Employees Deferred Compensation Plan. Under this program, employees elect to defer a portion of their pay. The deferred pay and any income earned on it are not subject to federal and state income taxation until actually received by the employee. Participation in the plan is optional. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseen emergency.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 11 – Leases

The Library leases buildings and other equipment under non-cancelable leases. The Library disbursed \$236,613 to pay lease costs for the year ended December 31, 2023. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 97,482

Office Lease – The Library leases two spaces at various locations to provide additional services. A summary of the lease agreements is as follows:

Huber Heights – For fiscal year 2023, lease expense amounted to \$134,431. The current lease agreement expired on August 31, 2023.

Moraine – The Library leases space to provide Outreach Services. The lease expense for 2023 amounted to \$66,011. The current lease agreement expires on December 31, 2024.

Parking Spaces – The Library leases month to month parking spaces for the employees at the Main Library.

Note 12 – Encumbrances

Below is a schedule of encumbrances at year-ended December 31, 2023:

General Fund	\$ 2,577,979
Building & Repair Fund	14,447
Construction Taxable Fund	204,196
	<u>\$ 2,796,622</u>

Note 13 – Long-Term Debt

On March 20, 2013, the Library issued \$187,000,000 of Library Improvement Bonds (Bonds), of which \$52,000,000 were taxable (federal) and \$135,000,000 were tax exempt (federal, state, and local). The bonds have principal amounts maturing from December 2013 through December 2038 with interest rates varying from .25% to 5.0% during that time.

The Bonds are issued pursuant to Chapters 133 and 3375 of the revised code, a vote of the electors of the Library at the election held on November 6, 2012, on the question (approved by a 62.26% affirmative vote) of issuing general obligation bonds in the aggregate principal amount of \$187,000,000 and levying a property tax to retire those Bonds, and a resolution adopted by the County Board, as the taxing and bond-issuing authority for the Library, and a final terms certificate provided for by that resolution (collectively, the Authorizing Legislation).

The Bonds are issued for the purpose of constructing, adding to, renovating, remodeling, furnishing, equipping, and otherwise improving library buildings and facilities, and acquiring, clearing and improving the sites thereof.

Premiums of \$11,510,831 were received by the Library on the sale of the Bonds and they were deposited in the Debt Service Fund. No interest was accrued on the Bonds. Money in that Fund is used to pay principal and interest on Library debt obligations.

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 13 – Long-Term Debt (Continued)

On December 3, 2019, the Library issued \$88,764,986.10 of General Obligation (Unlimited Tax) Library Improvement Refunding Bonds, Series 2019 (Federally Taxable) (the “2019 Refunding Bonds”) to refinance for economic savings select maturities of the Library’s 2013A bonds totaling \$88,764,986 consisting of bonds maturing in the years December 1, 2027 through December 1, 2029, December 1, 2031 through December 1, 2034, and two of the three term bonds maturing on December 1, 2038 with coupon rates of 5.00% and 4.75%.

The 2019 Refunding Bonds were sold as current interest serial bonds with interest rates ranging from 1.83% for the December 1, 2020 maturity and increasing to 3.312% for the December 1, 2038 maturity. Interest is payable on June 1 and December 1 of each year from June 1, 2020 through December 1, 2038. The total amount of current interest serial bonds sold was \$88,320,000. A capital appreciation bond was sold in the amount of \$444,986 at a discount with a maturity date of December 1, 2027. Unlike a current interest serial bond, the capital appreciation bond does not pay interest semiannually. Interest accrues from the issuance date of December 3, 2019 and is paid its maturity of December 1, 2027.

On August 17, 2021, the Library issued \$41,325,000 of General Obligation (Unlimited Tax) Library Improvement Refunding Bonds, Series 2021 (Federally Taxable) (the “2021 Refunding Bonds”) to refinance for economic savings select maturities of the Library’s 2013A bonds totaling \$46,235,014 consisting of bonds maturing in the years December 1, 2022 through December 1, 2030 with coupon rates of 3.25%, 3.75% and 4.00%. The 2021 Refunding Bonds were sold as current interest serial bonds with interest rates ranging from 2.00% to 4.00%. Interest is payable on June 1 and December 1 of each year from June 1, 2022 through December 1, 2038.

	Balance as of 1/1/23	Additions	Refunding/ Reductions	Balance as of 12/31/23	Due in One Year
2019 Refunding Bonds	\$ 86,329,986	\$ -	\$ 840,000	\$ 85,489,986	\$ 855,000
2021 Refunding Bonds	38,160,000	-	5,280,000	32,880,000	5,495,000
	<u>\$ 124,489,986</u>	<u>\$ -</u>	<u>\$ 6,120,000</u>	<u>\$ 118,369,986</u>	<u>\$ 6,350,000</u>

Principal and interest requirements to retire the Library’s long-term general obligation bonds are as follows:

Year	Balance as of Principal	Interest	Compound Interest	Total
2024	\$ 6,350,000	\$ 3,717,498	\$ -	\$ 10,067,498
2025	6,585,000	3,479,461	-	10,064,461
2026	6,835,000	3,230,586	-	10,065,586
2027	444,986	2,971,148	7,370,014	10,786,148
2028	7,815,000	2,971,148	-	10,786,148
2029-2033	41,655,000	11,345,529	-	53,000,529
2034-2038	48,685,000	4,534,709	-	53,219,709
	<u>\$ 118,369,986</u>	<u>\$ 32,250,079</u>	<u>\$ 7,370,014</u>	<u>\$ 157,990,079</u>

Dayton Metro Library
Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 14 – Contractual Commitments

The Dayton Metro Library had the following major outstanding contracts related to constructing, adding to, renovating, remodeling, furnishing, equipping, and otherwise improving the library buildings and facilities, and acquiring, clearing and improving the sites. The following estimated amounts remain on these contracts as of December 31, 2023:

APG	\$	94,795
Miscellaneous Commitments*		109,401
	\$	<u>204,196</u>

*These commitments are individually less than \$50,000 at fiscal year ended December 31, 2023.

Note 15 – Tax Abatements

Other governments entered into property tax abatement agreements with Montgomery County within the taxing districts of the Library. The tax abatement agreements are a direct incentive tax exemption program benefiting property owners and businesses. Within the taxing districts of the Library, Montgomery County has entered into numerous such agreements. Under these agreements, the Library's property taxes were reduced by approximately \$567,162 for 2022 (most recent information available). The Library is not receiving any amounts from Montgomery County in association with the foregone property tax revenue.

Note 16 – Contingent Liabilities

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

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

Dayton Metro Library
Montgomery County
215 East Third Street
Dayton, Ohio 45402

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash-basis financial statements of the governmental activities and each major fund of **Dayton Metro Library**, Montgomery County, Ohio (the Library), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated January 31, 2025, wherein we noted the Library uses a special purpose framework other than general accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

January 31, 2025

OHIO AUDITOR OF STATE KEITH FABER



DAYTON METRO LIBRARY

MONTGOMERY 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 6/10/2025

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

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