**Library**

**AOS Regulatory Basis Footnote Shell**

**Revised December 2023**

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| **Note: This shell is a guide for preparing your annual footnotes to the financial statements when filed on the AOS Regulatory Basis. These footnotes are not all inclusive and might include disclosures not applicable to your particular Library. Modify, delete, or add additional disclosures as necessary.** **Items highlighted in yellow are provided for guidance purposes only and should be deleted prior to submission.****See GASB Codification 2300 – Notes to the Financial Statements. As explained in paragraph .102, the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements. Notes should focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and nonmajor funds in the aggregate. Information about the government's discretely presented component units should be presented as discussed in paragraph .105.****Items highlighted in green are items that are generic, and should be reviewed for entity specific information and modified to report specifics for your Library.****In this sample 20CY means current year and 20PY means prior year and would be replaced with the four digit current year (for example 2023) or four digit prior year (for example 2022).** |

***Aqua Highlights are 2023 updates.***

* ***Where these highlights are included within yellow highlighted areas, this information is for reference only and should be deleted prior to submission.***
* ***Where these highlights are included within green highlighted areas, this information should be reviewed and modified to report specifics for your entity.***
* ***Where these highlights are not within another color, you will need to review to determine if this applies to your specific entity, and modify or delete.***
* ***Updates have been made related to GASB 96, Subscription-Based Information Technology Arrangements, please see AOS Bulletin 2023-005 for additional information.***  [Bulletin\_2023-005.pdf (ohioauditor.gov)](https://ohioauditor.gov/publications/bulletins/2023/Bulletin_2023-005.pdf)
* ***Although uncommon for smaller governments, GASB 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA) disclosures can be added with leases and SBITAs and with debt, if applicable.***
* ***Please note, Note 21 related to COVID-19 has been updated.***
* ***If you are a participant in the OneOhio or Monsanto Legal Settlements, see the generic special purposes government notes for sample disclosure.***

**Note 1 – Reporting Entity**

*(Modify as needed.)*

The XYZ Library (the Library), XYZ County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. [Board or Entity] appoints a [Number]-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. [*Modify description of services, as necessary. The services should match the disbursement classifications on the “income statement.”*

The [Name of Foundation] is also associated with the Library. Since the Foundation’s tax exemption is based on the Foundation’s intent to support the Library, its financial statements are included in this report. *[Modify as needed. Consult your Legal Counsel if unsure as to the inclusion of the Foundation portion of the footnote.]*

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| *Note: The above foundation note is only an example.**1) Use GASB Cod. 2100 and 2600 to determine if another entity is or is not a component unit.* *2) If a component unit(s) exists, the Library should disclose it using* ***any*** *of the following presentations:* *a) Discrete presentation (this obviously requires obtaining financial statements from the CU):* *b) When a CU follows GAAP, the AICPA has advised it is improper to include GAAP and non-GAAP presentations together.  Therefore, the Library wishes to include CU statements using another accounting basis, present them in a separate section of the report.* *c) Include footnote disclosure that a CU exists, and how audited CU statements can be obtained (assuming the CU was audited). Briefly disclose why the entity is deemed a CU, based on the criteria in GASB 14/39/61 (GASB Cod. 2100). Indicate the [Foundation] exists solely to support the library (if this is true and they don’t also support another organization too), they have unaudited net assets of $XX,XXX and describe who decides how to spend [Foundation’s] money. No other financial information is required.* *Item 2(c) above is sufficient to satisfy disclosure requirements for cash basis entities with component unit.* |

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

*[Review GASB Codification 2100, Defining the Financial Report Entity, for guidance. Delete if the Library does not participate in jointly governed organizations, joint ventures and/or public entity risk pools or is not associated with related organizations.]* The Library participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization.*<< modify as necessary.* Notes XX, XX, XX, and XX to the financial statements provide additional information for these entities. *(Include the appropriate footnote. Notes 14 - 17 provide additional guidance <<modify note #’s as necessary)*

The Library’s management believes these financial statements present all activities for which the Library is financially accountable. *(Continue with the following, if applicable; otherwise, delete the rest of this paragraph.)*, except the financial statements do not include debt service funds external custodians maintain. Note XX to the financial statement describes these assets. *<<modify note #’s as necessary*

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

*(Delete all unnecessary / inapplicable fund types)*

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

***Fund Accounting***

*[Review GASB Codification 1300, Fund Accounting, paragraphs .104-.116 for guidance.]*

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

 *(Delete all unnecessary / inapplicable fund types)*

***Should your Library establish a proprietary fund, you should insert the appropriate fund type descriptions and make any other necessary footnote and financial statement modifications. The Generic Special Purpose Government Notes shell is an example that can be used and you can cut and paste into this example.***

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds: *(Include a one or two sentence description of any special revenue fund constituting at least 20 percent of combined special revenue disbursements or deemed significant by the Library. The following is an example that must be modified.)*

***Children’s Program Grant Fund*** The children’s program grant fund accounts for and reports grant monies restricted for children’s programming functions within the Library.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Library had the following significant Debt Service Funds: *(Include a one or two sentence description of any debt service funds constituting at least 20 percent of combined debt service fund disbursements or deemed significant by the Library.)*

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds: *(Include a one or two sentence description of any capital project funds constituting at least 20 percent of combined capital project disbursements or deemed significant by the Library. The following is an example that must be modified.)*

***Facilities Construction Fund***  The facilities construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction of a new library building.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund: *(Include a one or two sentence description of any permanent funds constituting at least 20 percent of combined permanent fund disbursements or other funds deemed significant by the Library. The following is an example that must be modified.)*

***Library Endowment Fund*** The library endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the purchase of books on travel and world affairs.

*(Note: classifying private purpose funds requires judgment. If the intent generally benefits the Library’s own programs, permanent or special revenue fund classification is appropriate. However, if the intent is to benefit a specific individual, private organization, or another government which is not available to support the Library’s own programs,* private purpose trust fund classification may be more appropriate provided the fund meets the GASB 84 fund definition described below.  *See Bulletin 2005-05 for additional classification guidance.) GASB 84 clarified these requirements for classifying a fund as a private purpose trust fund, including that the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government. See Bulletin 2020-003 for additional classification guidance.)*

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Library’s investment trust funds report the external portion of investment pools and individual investments accounts that are held in trust. (<<<*Modify as needed. Omit ¶ if there are none)*.

The Library’s private purpose trust fund**(s)** is **(are)** for the benefit of certain individuals, a non-profit organization and the Government of X. (<<<Modify as needed.  *Omit ¶ if there are none)*.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Library’s custodial fund**(s)** account**(s)** for (*describe nature of the most significant custodial funds here.) (Omit ¶ if there are none)*.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds.  The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types.  Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.  *(See GASB 84 bulletin 2020-003 and GASB 84 analysis chart for when these presentations are permitted for regulatory purposes.)*

***Basis of Accounting***

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

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

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. *[Delete the word “unencumbered,” if there were no encumbrances outstanding at year end, or the Library did not use encumbrance accounting.]* Budgetary expenditures (that is, disbursements and encumbrances) *[<< DELETE THE HIGHLIGHTED PHRASE IF THE LIBRARY DID NOT ENCUMBER]* may not exceed appropriations at the fund, function, and object level of control. *[Modify to describe the legal level of control used as approved by the Library.]*

A summary of 20XX budgetary activity appears in Note 4. *[Modify footnote reference if after completion the footnote number changes.]*

***Deposits and Investments***

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

The Library values U.S. Treasury Notes and common stock at cost (or fair value when donated).*<<DELETE IF NO DONATED INVESTMENTS*. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.  *Modify this note as needed. Only describe investments actually held during the fiscal year. Equity securities (stock) are normally illegal, unless donated. Consult with your Legal Counsel if in doubt about an investment’s legality. Also, if equity securities have an impaired value deemed “other than temporary,” write them down to fair value.)*

***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. [*Delete this footnote if the Entity does not own any Capital Assets.*]

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave. *(Delete this note if no employees are entitled to these benefits.)*

***Leases and SBITAs***

The Library is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid. (*Edit as needed. This note can be deleted if the Library has no GASB 87 leases)*

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 disbursements are recognized when they are paid. (Edit as needed. This paragraph can be deleted along with the reference to SBITAs in the note heading, if the Library has no GASB 96 SBITAs.)

The following is instructional. If the Library has any PPPs or APAs under GASB 94, add explanation. See sample language in the generic special purpose government notes.

***Fund Balance***

*[Although regulatory filers follow a simplified approach, review GASB 54, Fund Balance Disclosures, paragraphs 5-23 and GASB Codification 1800, Classification and Terminology, paragraph .183, for guidance.]*

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 19.  (update note number as needed)

**Note 3 – Compliance**

*Disclose any material budgetary violations here. The description should* ***list the individual funds affected*** *(i.e., not “the special revenue funds were in violation,” unless all the special revenue funds violated a requirement). The disclosures here should be brief. For example:*

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the ABC fund by $XXX for the year ended December 31, 20CY. Also contrary to Ohio law, at December 31, 20CY, the XYZ fund had a cash deficit balance of $XXX.

**Note 4 – Budgetary Activity**

*[OAC 117-8 does not require libraries to budget receipts. However, sound budget practice suggests a government cannot appropriate responsibly unless they have an estimate of resources to support the appropriations. If your governing body uses a revenue/resource estimate to support appropriations, include it in the table below.]*

Budgetary activity for the year ending [End of Year Audited] follows:





*[Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs.]*

*[Insert the following in the above tables:*

* *Budgetary Receipts from the Certificate of Estimated Revenues (Total Available Resources less Unencumbered Fund Balance).*
* *Actual Receipts from the Financial Statements*
* *Appropriation Authority from the approved Appropriation Resolution and any amendments made during the period plus Prior Year Carryover Encumbrances.*
* *Budgetary Expenditures from the Financial Statements plus Outstanding Encumbrances at Year End.]*

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Library also has segregated accounts, which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. *[Delete previous sentence if the Library does not have any amounts in segregated clearing accounts or amounts with fiscal and escrow agents.]*  A summary of the Library’s deposit and investment accounts are as follows:



*(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Delete any rows that are not applicable to the Library.)*

*[For items included as part of the cash management pool, insert amounts from Year End Reconciliation. (i.e. Demand deposits are checking balance less reconciling items such as outstanding checks and deposits in transit.) Total Deposits and Investments should agree to total Financial Statement Year End Balance.]*

*\*\* For specific information related to the amounts required to be disclosed related to amounts held in segregated accounts – outside of the pool – please see instructions in the worksheet tab (“unrecorded cash”) at the following link:* [*http://www.ohioauditor.gov/references/shells/regulatory.html*](http://www.ohioauditor.gov/references/shells/regulatory.html)*.*

*Explanation: Typically, a library has various bank and investment accounts that are part of their cash management pool. Monies for all funds are maintained in this pool. (Note: Separate bank and/or investment accounts are typically included as part of this pool.) Some libraries have segregated outside clearing accounts that are not part of this pool. Any balance in outside clearing accounts that are not part of the cash management pool (after considering all reconciling items, including outstanding checks) should be adjusted to the statements; however, unremitted employee payroll withholdings held in a payroll clearing account (after considering all reconciling items, including outstanding checks) can be disclosed in the notes or adjusted to the statements. (Note: Balances in the payroll clearing account should not include employer contributions.) Libraries can also have segregated amounts with fiscal or escrow agents related to utilizing a third-party paying agent. These third-party paying agent accounts can either be reflected on the Library’s books or disclosed in the notes. If these segregated accounts are currently included on the books or financial statement of your library, they should not be removed.*

*If amounts are reported in the table preceding, use the following paragraph (delete if no separate payroll clearing account is used):*

The Library has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statements reflect gross payroll. The balance in the Library’s payroll clearing account represents unremitted employee payroll withholdings.

The Library also has accounts held outside of the deposit pool for retainage related to construction contracts and for monies held in accordance with debt agreements. *Include specifics of any other outside account reported in the preceding table that is not included as part of the deposit pool.*

*If the Library does not use a separate payroll clearing account, use the following paragraph (delete if separate payroll account is used):*

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 20CY, the Library is holding $XXX,XXX in unremitted employee payroll withholdings.

At December 31, 20CY, the Library held $XXX in equity securities. Equity securities are not eligible investments for the Library under Ohio law. *(Insert other time period if other than 12/31/XX these investments were held during the fiscal year. Also include any other ineligible investments. Note that entities may be allowed to hold equity securities, if required under a trust agreement. Check with your Library’s Legal Counsel.)*

***Deposits***

*Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. The following note will need to be customized to fit the Library’s specific situation: 1) Participating in OPCS or 2) Financial institution utilizing specific securities to collateralize deposits.*

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library; *(delete if there is no specific pledging)* 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. *(Delete if no pool is used)*

At December 31, 20CY, *(Insert other time period if applicable during the fiscal year.)* $XXX of deposits were not insured or collateralized, contrary to Ohio law. *(Modify as needed. If deposits are not collateralized due to reduced collateral through OPCS, describe the collateral, and delete “contrary to Ohio law.”)*

***Investments***

*(Delete if your Library does not have investments.) (The following MUST be modified, based on the Library’s circumstances. It may be best to discuss the arrangement with a knowledgeable officer of the financial institution.)* The Federal Reserve holds the Library’s U.S. Treasury Notes in book-entry form, in the name of the Library’s financial institution. The financial institution maintains records identifying the Library as owner of these securities.

*[The following sentences describe some repurchase agreements / sweep accounts. However, circumstances may require modification to this disclosure. Also, not all sweep accounts are repurchase agreements.]*  The Library’s financial institution transfers securities to the Library’s agent to collateralize repurchase agreements. The securities are not in the Library’s name.

*[The following may describe some equity securities, but you should check with the broker-dealer or financial institution.]* A financial institution’s trust department holds the Library’s equity securities in book-entry form in the Library’s name.

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

**Note 6 – Grants in Aid and Taxes**

***Grants in Aid***

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

***Property Taxes*** *[The following applies only when your Library has a tax levy. If your Library does not have a tax levy delete the following portion of the footnote:]*

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

Public utilities are also taxed on personal and real property located within the taxing district. *(Delete this sentence if none.)*

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

**Note 7 – Interfund Balances**

*Disclose any material outstanding advance not repaid by the end of the year.*

Outstanding advances at December 31, 20CY, consisted of $XXX,XXX advanced to XYZ funds to provide working capital for operations or projects.  *(Modify as needed.)*

**Note 8 – Risk Management**

*(Note: Use only the paragraphs that apply. Some of the descriptions below are mutually exclusive, so you must make appropriate modification.] [If your Library belongs to Ohio Plan Healthcare Consortium, Inc. (OPHC), Ohio Plan Risk Management, Inc. (OPRM), Public Entities Pool (PEP) see* [*http://www.ohioauditor.gov/references/shells/footnotes.html*](http://www.ohioauditor.gov/references/shells/footnotes.html) *for applicable risk management footnote. Replace the applicable parts of the footnote below with the specialized footnote.]*

*[If the footnote at the link above is not for the fiscal year you are reporting, please obtain the necessary information from these risk management agencies, as applicable. If the footnote information is not available for your fiscal year from these agencies, use the most recent information available and add a note in your footnote referencing the time period of the information reported and indicate it is the most recent information available at the time the footnotes were prepared.]*

***Workers’ Compensation***

*The specialized footnote can be inserted here.*

*OR, if not included in a risk pool or group rating for WC, use the paragraph below:*

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. *(If material; can be deleted if immaterial.)*

***Commercial Insurance***

The Library has obtained commercial insurance for the following risks:

* Comprehensive property and general liability;
* Vehicles; and
* Errors and omissions.

 The Library is uninsured for the following risks:

* Comprehensive property and general liability;
* Vehicles; and
* Errors and omissions.

*[Insert the following sentence if uninsured losses were material.]* During 20XX, the Library paid $XXX for losses that exceeded insurance coverage.

*[Also disclose any significant changes in coverage from the prior year.*]

***Risk Pool Membership***

The Library is a member of the XYZ Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the [Name of subdivision’s] policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. *[Modify the preceding sentence as needed.]*  The Pool covers the following risks:

* General liability and casualty;
* Public official’s liability; and
* Vehicle.

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:



***Should your Library participate in self-insurance, see the Generic Special Purpose Government Notes shell, Note 8, Risk Management, for a sample. You can cut and paste into this example.***

**Note 9 – Defined Benefit Pension Plans**

*Modify to meet your Library’s situation. In general, all Library employees participate in OPERS. Employees exempt from OPERS in accordance with Ohio Revised Code 145.01(B) or Ohio Administrate Code Section 145-1-26 may be subject to Social Security Tax. Only include retirement systems applicable to your Library.]*

***Ohio Public Employees Retirement System*** *[Delete this note if no employees are entitled to these benefits.]*

The/Several *[Modify reference to number of employees participating in OPERS.]* Library employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

*(Note: You must modify the contribution rates as applicable. See chart below. The chart is only for reference and can be deleted.* The Ohio Revised Code also prescribes contribution rates. OPERS members contributed XX percent of their gross salaries, and the Library contributed an amount equaling XX percent of participants’ gross salaries. The Library has paid all contributions required through December 31, 20CY.

|  |  |  |  |
| --- | --- | --- | --- |
| *Retirement Rates* | *Year* | *Member Rate* | *Employer Rate* |
| *OPERS – Local* | *2012 – 2023* | *10%* | *14%* |

***Social Security*** *[Delete this note if no employees are entitled to these benefits.]*

The/Several/Some *[Modify reference to number of employees participating in Social Security.]* Library employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Library contributed an amount equal to 6.2 percent of participants’ gross salaries. The Library has paid all contributions required through December 31, 20CY.

**Note 10 – Postemployment Benefits**

***Modify for your Library***

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

**Note 11 – Debt  *(Delete footnote if your Library does not have Debt.)***

*[Review GASB Codification 1500, Reporting Liabilities, paragraph .129 Debt Obligations for guidance. Delete footnote if your Library does not have Debt.]*

*Note: County library districts and regional library districts can issue any securities authorized by ORC 133. Other libraries can only issue TANs & RANs, though they may have debt issued by the taxing authority of the subdivision to whose jurisdiction the Library is subject. In such instance, the debt is normally a liability of the taxing authority, not the library. Such debt should not be listed here as a library liability. However, consider disclosing that the debt has been issued on the library’s behalf, and whether the library has any contingent obligation for repayment.]*

Debt outstanding at December 31, 20CY, was as follows:



*(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs. Enter percentages as decimals, e.g., .0525 = 5.25%.]*

*[Insert Principal Outstanding December 31, 20XX from the Amortization Schedule or Bank Schedule.]*

*[List other indebtedness, such as financed purchases, if material. Note: GASB 94 APAs can have financed purchases]*

*[Include a brief description of the debt, including amount, term, maturity date, interest rate, purpose,* ***collateral****, and any other significant information, such as defaults, etc.]*

*[Example note disclosure.]* The Library issued general obligation bonds to finance the purchase of a new mobile book vehicle. The Library’s taxing authority collateralized the bonds.

*[Briefly describe other material debt issues, too. Describe collateral pledged (e.g., pledged receipts, a mortgage on the property financed, taxing authority (that is, general obligations), uncollateralized) and other significant matters, including defaults, covenant violations, etc. Describe any defeased debt and the amounts outstanding, but explain the defeased amounts are NOT included in the amortization table below. If the library has a bond and coupon account related to any outstanding bonds, identify the balance in this account. Also, assure that any trusteed debt service reserve funds are disclosed. You can disclose them in this note if the Library records them “on the books”; report them in the “Debt Service Trust Funds” note in the next footnote if not “on the books.” Example, if recorded “on the Library books”:]*

*[Example footnote]* Debt has been issued on behalf of the Library by [Any City]. The Library may be liable for repayment if [Any City] defaults and does not pay the obligation.

In association with the above bond, the Library is required to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 20XX, is $X,XXX.

***Financed Purchases***

*(Disclose material financed purchases. Note: items previously considered capital leases are now considered financial purchases if ownership of the asset transfers at the end of the lease term.)*

The Library has entered into financed purchases agreements for buildings, vehicles and other equipment (edit list as appropriate) where ownership of the underlying asset transfers to the Library by the end of the contract. The Library disbursed $\_\_\_\_\_\_\_\_\_\_\_ to pay these costs for the fiscal year ended June 30, 20CY. Future financed purchases payment are as follows *(next five years individually then five year increments)*:



***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:



 *(Note: The above is an embedded Excel Spreadsheet. Double-click to edit. Do not enter $ signs.)*

*(Insert amounts by debt type from amortization schedules. The dates in the table above should be modified to start with the year following the financial statement date, for payments due in subsequent years. Present amounts due after five years in 5-year increments.)*

In addition to the debt described above, the Library has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 20XX,was $XXX. This disclosure does not include the related defeased debt or assets, since trusteed assets should provide sufficient resources to retire the debt.

***Debt Service Trust Accounts*** *[Delete footnote if your Library does not have Debt Trust Accounts.]*

The mobile book vehicle purchase trust agreement required the Library to establish a debt service account, held by a bank’s trust department. The Library has established this account. At December 31, 20CY, the bank’s trust department custodian held $XXX in Library assets. The bank is responsible for scheduled debt service payments. Therefore the Library recognizes debt service payments when disbursed to the trustee bank, and the accompanying financial statements do not include these assets or the trust department’s receipts and disbursements.

As disclosed in Note XX, the Library has also defeased the Library Renovation 20XX bonds. At December 31, 20XX, the custodian held $XXX in Library assets to retire the 20XX bonds.

**Note 12 – Construction and Contractual Commitments**

*Identify any potentially significant outstanding construction or other contractual commitments.*

**Note 13 – Contingent Liabilities**

*[Modify as needed. Review GASB Codification 1500, Reporting Liabilities, paragraph .125 for guidance. Briefly describe potentially material suits. Include the range of potential loss. However, avoid naming plaintiffs. Allow your legal counsel to review your draft language before finalizing the footnotes.]*

*Example* The Library is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Library’s financial condition.

*(Include the following paragraph only if grants were received.)* Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, *(if significant federal grants were received continue this sentence with the following)* principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 14 – Joint Ventures**

*A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owner, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which that participants retain (a) an ongoing financial interest or (b) and ongoing financial responsibility. See GASB Codification J50 paragraph .102.*

*Include a general description of each joint venture that includes the following:*

*Describe any ongoing financial interest.*

*Describe any ongoing financial responsibility.*

*Provide information to allow users of the financial statements to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden for the Library in the future.*

*Provide information on related party transactions.*

**Note 15 – Jointly Governed Organizations**

*A jointly governed organization is a regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. See GASB Codification J50 paragraph .111.*

*Include a general description of each jointly governed organization and provide information on related party transactions.*

**Note 16 – Public Entity Risk Pool**

*If the Library participates in a public entity risk pool, it should describe that arrangement. That description should specifically address the rights and responsibilities of the Library and the pool and the composition of the governing board.*

**Note 17 – Related Organizations**

*A related organization is an organization, for which the Library is accountable because the Library appoints a voting majority of the board, but is not financially accountable, is a related organization. This note should disclose the nature of the Library’s accountability for any related organization and any related party transactions. GASB Codification 2600 paragraph .129-.130.*

**Note 18 – Related Party Transactions**

*GASB Codification Section 2250 Starting at Paragraph .102*

*(Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm’s length transaction. The notes should disclose the terms of material related party transactions. See GASB 56 for further guidance.)*

*Example:* A Library Board member is part owner of a company from which the Library acquired *(described acquisition briefly)* during the year. The Library paid $XXX for this acquisition. The Library also uses office space a Library Board member donated.

*Significant\* related party transactions must be disclosed. They may be indicative of ethics or other violations, but that is not the purpose of disclosing related party transactions. Related party transactions require disclosure because the reported amount of a transaction not conducted at arms-length may not be indicative of its true value, and may mislead readers about the Library’s ongoing ability to obtain or provide these goods or services if it must repay (or receive) fair value for them in future years.*

*A transaction may be “significant” when the dollar amount is immaterial, if it does not represent the fair value of the transaction. For example, a government may rent a facility to a related party for $1 per year.*

**Note 19 – Fund Balances**

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

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

**Note 20 – Subsequent Events**

*A Subsequent Event is an event or transaction that affects the financial statement that is subsequent to the date of the financial statements (i.e. Year End December 31, 20CY) but before financial statement are issued. GASB Codification 2250 starting at paragraph .109.*

*(Describe material debt issuances, uninsured losses, new tax levies, material federal or state grant awards or other material revenues or expenditures incurred subsequent to the financial statement date.)*

**Note 21 – COVID-19**

*These disclosures are optional and should be removed when substantially all COVID-19 funding has been spent. As described below, this note can also help explain any unique COVID situations.*

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023.  During 2023, the Library received COVID-19 funding.  (Edit or delete as needed.)  The Library will continue to spend available COVID-19 funding consistent with the applicable program guidelines (Specific material impacts from the pandemic may be addressed such as decreases in revenues, personnel impacts, and the Library’s specific responses to mitigating the negative impacts of the pandemic as well as awards of federal and state COVID relief programs may be addressed at the discretion of the fiscal officer. This note can be removed when substantially all COVID-19 funding has been spent.)

This paragraph is instructional. The following disclosures may help explain some of the unique COVID situations and can be used as appropriate. Also, the paragraph about investment volatility can be removed.

*(If the entity has used intergovernmental expenditure/expense as appropriate, the following paragraph is optional at the discretion of the fiscal officer)* The 2023 activity includes, $XXX,XXX which was sub-granted to other governments and organization  *(update as needed)*, $XXX,XXX which was returned to the granting agency, and $XXX,XXX which was spent on-behalf of other governments.  These amounts are reflected as intergovernmental *(update as needed)* expenditures in the applicable Special Revenue Fund (update/modify as needed) on the accompanying financial statements. *(If the Library recorded amounts returned to the granting agency as a reduction of intergovernmental revenue, include the following sentence):*  The amounts returned to the granting agency are reflected as a reduction of intergovernmental revenue *(update as needed)* in the applicable Special Revenue Fund *(update as needed). (Delete paragraph if no sub-grants were made, no monies were returned to the granting agency, and no on-behalf payments were made.)*

(If the entity used the billing method to charge prior year expenditures to an applicable COVID fund, the following disclosure should be made.) During 2023, the Library charged prior year expenditures to the XXX Fund (identify specific COVID Fund).  The XXX Fund (identify the fund that made the original expenditure) billed the XXX Fund (identify specific COVID fund) for these costs.  The XXX Fund (identify the fund that made the original expenditure) is reflecting this receipt of $XXX,XXX as a XXXXX Revenue (identify revenue classification) in the accompanying financial statements.

*If the entity has recorded assets purchased by another government, including donated PPE on their day-to-day books consistent with AOS bulletin 2000-008, the following paragraph is optional at the discretion of the fiscal officer:* During 2023, the Library received $XXX,XXX as an on-behalf of grant from another government.  These amounts are recorded in the applicable Special Revenue Fund *(update as needed and delete if none).* (*See AOS bulletins 2000-008 & 2021-004, as well as the information and, specifically the FAQs, available on AOS COVID website at* [*COVID-19 Assistance (ohioauditor.gov)*](https://ohioauditor.gov/resources/covid19_assistance.html).)  *Note:  This disclosure relates to assets purchased by another government and may include items such as donated PPE.*

*Customizing the above disclosures of COVID-19 federal funding by program (American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund, and other similar COVID-19 related programs) is at the discretion of management.*