

Portsmouth Public Library
Scioto County
Financial Statements
For the Year Ended December 31, 2022



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Portsmouth Public Library
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Independent Accountant's Compilation Report

Members of the Board
Portsmouth Public Library
1220 Gallia Street
Portsmouth, Ohio 45662

Management is responsible for the accompanying financial statement of the Portsmouth Public Library, Scioto County, as of and for the year ended December 31, 2022, and the related notes to the financial statements in accordance with the regulatory cash basis of accounting, and for determining that the regulatory cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

We draw attention to note 2 of the financial statements, which describes the basis of accounting. The financial statement is prepared in accordance with 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) (regulatory cash basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Millhuff-Stang CPA, Inc." followed by a date.

Millhuff-Stang CPA, Inc.
Chillicothe, Ohio

February 16, 2023

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Portsmouth Public Library
Scioto County

Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$970,707	\$0	\$0	\$970,707
Public Library	3,285,313	0	0	3,285,313
Intergovernmental	124,448	0	0	124,448
Payments in Lieu of Taxes	439	0	0	439
Patron Fines and Fees	27,302	0	0	27,302
Contributions, Gifts and Donations	15,599	0	0	15,599
Earnings on Investments	61,250	2	0	61,252
Miscellaneous	7,722	0	0	7,722
<i>Total Cash Receipts</i>	<i>4,492,780</i>	<i>2</i>	<i>0</i>	<i>4,492,782</i>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	1,551,392	0	0	1,551,392
Collection Development and Processing	271,175	0	0	271,175
Support Services:				
Facilities Operation and Maintenance	535,432	1	0	535,433
Business Administration	1,314,349	0	0	1,314,349
Capital Outlay	163,630	0	450,148	613,778
<i>Total Cash Disbursements</i>	<i>3,835,978</i>	<i>1</i>	<i>450,148</i>	<i>4,286,127</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>656,802</i>	<i>1</i>	<i>(450,148)</i>	<i>206,655</i>
Other Financing Receipts (Disbursements)				
Proceeds from Sale of Assets	14,383	0	0	14,383
Transfers In	0	0	100,718	100,718
Transfers Out	(100,718)	0	0	(100,718)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(86,335)</i>	<i>0</i>	<i>100,718</i>	<i>14,383</i>
<i>Net Change in Fund Cash Balances</i>	<i>570,467</i>	<i>1</i>	<i>(349,430)</i>	<i>221,038</i>
<i>Fund Balances, January 1</i>	<i>5,533,319</i>	<i>22,332</i>	<i>374,829</i>	<i>5,930,480</i>
<i>Fund Balances, December 31</i>	<i>\$6,103,786</i>	<i>\$22,333</i>	<i>\$25,399</i>	<i>\$6,151,518</i>

See the accompanying notes to the basic financial statements.

See independent accountant's compilation report.

Portsmouth Public Library
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Portsmouth Public Library (the Library), Scioto 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. A seven member Board governs the Library; three members are appointed by the Common Pleas Court Judges and four members are appointed by the Scioto County Commissioners. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.22 to 3375.27 of the Ohio Revised Code. The Library provides the community with various educational and literary resources.

Jointly Governed Organizations and Public Entities Risk Pool

The Library is involved with the Southeast Regional Library System (SERLS) and the Ohio Valley Library Consortium (OVLC), both of which are defined as jointly governed organizations. Additional information concerning SERLS and the OVLC are presented in Note 10.

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

The Library's management believes this financial statement presents all activities for which the Library is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

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

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

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

Zella H. Besco Fund – This fund receives interest from a governmental savings account. These funds are restricted for use for library services in the South Webster Branch.

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

Building and Repair Fund – This fund accounts for and reports resources committed by the Board specifically for major capital and technology improvements to Library buildings. Historically, the sources of revenue have been transfers from the general fund.

Portsmouth Public Library
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

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

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

Budgetary Process

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Committed - The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual

Portsmouth Public Library
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 12.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,570,587	\$4,507,163	(\$63,424)
Special Revenue	2	2	0
Capital Projects	100,718	100,718	0
Total	<u>\$4,671,307</u>	<u>\$4,607,883</u>	<u>(\$63,424)</u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,299,683	\$4,053,828	\$245,855
Special Revenue	1	1	0
Capital Projects	474,336	472,633	1,703
Total	<u>\$4,774,020</u>	<u>\$4,526,462</u>	<u>\$247,558</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Library also has a segregated account, which includes a payroll clearing account. A summary of the Library's deposit and investment accounts as of December 31, 2022 are as follows:

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Cash Management Pool:

Demand deposits	\$1,867,197
Other time deposits	22,342
<i>Total deposits</i>	<u>1,889,539</u>
STAR Ohio	4,247,207
<i>Total investments</i>	<u>4,247,207</u>
<i>Total deposits and investments held in pool</i>	<u>\$6,136,746</u>

Segregated Account – Not Held in Pool:

Payroll Clearing Account	<u>\$14,772</u>
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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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation (FDIC); collateralized by securities specifically pledged by the financial institution to the Library; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investment in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as intergovernmental receipts. 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. The Library's current 1.0 mil levy was renewed for a 5-year period during the November 5, 2019 election.

Public utilities are also taxed on personal and real property located within the taxing district.

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

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Note 6 – Risk Management

Workers' Compensation

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.

Risk Pool Membership

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

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

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0

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percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

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

Note 9 – Contingent Liabilities

The Library is not currently party to litigation.

Note 10 – Jointly Governed Organizations

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed accordingly to the provisions of Section 3375.70 through 3375.3, Ohio Revised Code. SERLS is comprised of autonomous public libraries in the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington, as well as school libraries, public, academic, and special libraries. SERLS' Board of Trustees consists of fifteen members: twelve public library representatives, one academic representative, one school representative, and one special representative. The Portsmouth Public Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on the SERLS' Board of Trustees.

The Ohio Valley Library Consortium (OVLC) is a cooperative agreement between the Oak Hill Public Library, Sylvester Memorial Wellston Public Library, Jackson City Library, Herbert Wescoat Memorial Library, Portsmouth Public Library, Logan-Hocking County District Library, Meigs County District Library, and Briggs Lawrence County Public Library. The Board of Trustees is comprised of one member from each Library, normally the Library Director or his/her assignee. Each Library pays a share of subscription and support fees for the database to The Library Corporation and each Library maintains their own individually. The purpose of the OVLC is for resource sharing with participating members.

Note 11 – Related Party Transactions

The Library pays an annual fee to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2022, the Library paid \$760 to SERLS for annual dues and fees.

Note 12 – Fund Balances

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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$117,132	\$0	\$22,485	\$139,617

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Library did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Subsequent Event

In 2023, the Library processed a request to change its name to the Scioto County Public Library, and on February 1, 2023, the Library received acknowledgement of this change from the Internal Revenue Service.