



OHIO AUDITOR OF STATE
KEITH FABER



**AKRON-SUMMIT COUNTY PUBLIC LIBRARY
SUMMIT COUNTY
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

Akron-Summit County Public Library
Summit County
Street Address
City, Ohio Zip Code

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron-Summit County Public Library, Summit County, Ohio (the Library), as of and for the year ended December 31, 2021 and 2020, 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 cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2021 and 2020, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General and for the year then ended in accordance with the 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 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding 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 cash basis of accounting described in Note 2, and for determining that the 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 Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2022

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Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

This discussion and analysis of the Akron-Summit County Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2021, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2021 are as follows:

- The Library's receipts are primarily from public library fund revenues and property taxes. These receipts represent 46.7 percent and 46.6 percent, respectively, of the total cash received for the Library's government-wide activities during the year.
- In 2021, the voters approved a 1.9 mil renewal property tax levy. Collections for the levy begin in 2022 and end in 2027.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts, and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Reporting the Library as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2021, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Library at year-end. The Statement of Activities compares cash disbursements with program receipts. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's net position and the changes in net position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Library's financial health. Over time, an increase or decrease in the Library's net position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, one should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax and the Public Library Fund (PLF).

In the Statement of Net Position and the Statement of Activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are as follows:

- **Governmental Funds** – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Building and Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Other Information

Notes to the Basic Financial Statements

The notes provide additional and explanatory data. They are an integral part of the basic financial statements.

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2021 and 2020 on a cash basis:

Table 1
Governmental Net Position

	2021	2020
Assets:		
Equity in pooled cash and cash equivalents	\$ 17,569,317	\$ 14,624,384
Total Assets	17,569,317	14,624,384
Net Position:		
Restricted for:		
Debt service	86,582	86,582
Unclaimed monies	9,182	9,182
Forfeited employee FSA	13,056	13,056
Permanent fund purpose:		
Expendable	11,623	13,178
Nonexpendable	435,825	435,825
Other purposes	107,647	136,973
Unrestricted	16,905,402	13,929,588
Total Net Position	\$ 17,569,317	\$ 14,624,384

Net position of governmental activities increased \$2,944,933 or 20 percent during 2021. The primary reason for the increase in the cash balance in 2021 was a reduction in expenses due to a continued decrease in operations compared to before the pandemic, plus an increase in public library receipts.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Table 2 reflects the changes in net position on a cash basis in 2021 and 2020 for governmental activities.

Table 2		
Change in Governmental Net Position		
	2021	2020
Receipts:		
Program receipts:		
Charges for services and sales	\$ 210,452	\$ 146,895
Operating grants and contributions	173,436	576,389
Total program receipts	383,888	723,284
General receipts:		
Property taxes levied for general purposes	14,092,823	13,860,904
Property taxes levied for debt service	-	4,632,696
Intergovernmental revenues	15,599,741	14,563,459
Unrestricted gifts and contributions	968	116,209
Sale of capital assets	-	61,435
Earnings on investments	16,466	63,697
Miscellaneous	164,538	533,469
Total general receipts	29,874,536	33,831,869
Total receipts	30,258,424	34,555,153
Disbursements:		
Library services:		
Public services and programs	13,067,723	11,247,066
Collection development and processing	4,257,042	3,828,506
Support services:		
Facilities operation and maintenance	4,548,956	4,848,637
Information technology services	933,323	734,514
Business administration	3,805,848	3,639,700
Capital outlay	700,599	138,511
Debt service:		
Principal retirement	-	5,135,000
Interest and fiscal charges	-	256,750
Total disbursements	27,313,491	29,828,684
Change in net position	2,944,933	4,726,469
Net position, beginning of year	14,624,384	9,897,915
Net position, end of year	\$17,569,317	\$14,624,384

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

Governmental Activities

Program receipts represent 1.3 percent of total receipts and are primarily comprised of patron fines and fees, grants, and contributions and donations.

General receipts represent 98.7 percent of the Library's total receipts, and of this, 47.2 percent are local taxes. State grants and entitlements make up another 52.2 percent of the Library's general receipts. Other miscellaneous receipts are less significant and somewhat unpredictable revenue sources.

The first column of the Statement of Activities lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Services and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Technology Services, Business Administration, and Capital Outlay, which account for 47.8 percent, 15.6 percent, 16.7 percent, 3.4 percent, 13.9 percent, and 2.6 percent of all Library disbursements, respectively. The next two columns of the Statement titled Program Cash Receipts identify amounts paid by persons who are directly charged for the respective service and grants received by the Library that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service paid by taxpayers from the Library's general receipts which are represented at the bottom of the Statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Service 2021	Net Cost of Service 2021	Total Cost of Service 2020	Net Cost of Service 2020
Library services:				
Public services and programs	\$ 13,067,723	\$ 12,774,546	\$ 11,247,066	\$ 10,618,572
Collection development and processing	4,257,042	4,250,111	3,828,506	3,825,775
Support services:				
Facilities operation and maintenance	4,548,956	4,548,956	4,848,637	4,848,637
Information technology services	933,323	933,323	734,514	734,514
Business administration	3,805,848	3,722,068	3,639,700	3,547,664
Capital outlay	700,599	700,599	138,511	138,488
Debt service:				
Principal retirement	-	-	5,135,000	5,135,000
Interest and fiscal charges	-	-	256,750	256,750
Total disbursements	<u>\$ 27,313,491</u>	<u>\$ 26,929,603</u>	<u>\$ 29,828,684</u>	<u>\$ 29,105,400</u>

The Library's Funds

Total governmental funds receipts were \$30,258,424 and disbursements were \$27,313,491. The General Fund receipts were \$1,088,450 more than disbursements, and the ending cash fund balance was \$14,422,991. The addition to the General Fund ending balance from 2020 to 2021 was primarily due to increased receipts due to the pandemic in 2021.

The Building and Repair Fund balance changed primarily due to a transfer from the general fund to help finance capital expenditures.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and accounts for transactions on a cash basis of receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2021, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$29,530,294 and actual receipts were \$30,099,616 which was \$569,322 more revenue than budgeted. The final budget for disbursements was \$36,232,586 and actual disbursements were \$27,250,944 (cash disbursements plus encumbrances). Actual disbursements were \$8,981,642 less than budgeted. The primary reason for the difference between budgeted and actual disbursements was due to a budgeted contingency that was not spent. Annually, a contingency line item is included in the budget but normally is not utilized.

Debt Administration

Debt

The Library has no long-term outstanding debt as of December 31, 2021.

Current Issues

All Ohio libraries face the challenge to continue providing quality services to the public while experiencing certain uncertainties in funding. Ohio's public libraries, including the Akron-Summit County Public Library (the Library), depend on the State of Ohio for a major part of their funding through the Public Library Fund (PLF). The PLF is calculated as a percentage of the state's General Revenue Fund (GRF) tax revenue. Ohio libraries received 1.7 percent of the GRF tax revenue for the calendar year 2021 (the Library's fiscal year). Calendar year 2021 is within the state's biennium budget period of July 1, 2020 through June 30, 2022. Since the PLF is based on a percentage of the state's revenue, the PLF funding fluctuates as the state's revenue fluctuates.

The Library's other major operating revenue source is a local property tax levy. The six-year 1.9 mill local property tax levy was approved by the voters in May of 2015 to provide for general operations. Collections from this levy run from 2016 through 2021. In May of 2021, the voters approved a renewal of the 1.9 mill levy. Collections from the renewal will run from 2022 through 2027.

The Library has remained committed to careful and thoughtful spending, especially since future State funding is somewhat uncertain and levy revenue may remain flat or decline during the levy cycle. During the recession and in the years immediately following it, the Library did not reduce public hours or the services provided. Significant reductions in salary expenses were realized through workforce attrition and reorganizing work duties. In 2014 and 2015 however, public hours were decreased in order to achieve additional savings to meet the continuing budget constraints and to accommodate reduced staff levels. In 2016, the Library added back some of the public hours and began filling some open positions in anticipation of additional revenue from the new levy. In 2017 through 2019, the Library continued carefully evaluating hiring for open positions when necessary and reorganizing work duties when practical. In 2020, as a result of the pandemic shut downs, the Library realized significant savings by furloughing approximately 85 percent of staff between mid-April and mid-June and suspending in-building services and programming. Throughout 2021, the Library's staffing level was still below pre-pandemic levels primarily due to voluntary separations and continuing to leave selected positions vacant. Future budget considerations include significant capital expenditures to meet the needs of aging buildings. The Library is exploring possible revenues to fund these upcoming capital needs.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

The Library is a community place for individual development and civic growth. Partnering with other government agencies, community organizations, and educational institutions, the Library brings resources, services, and programming to customers of all ages and abilities, and acts as a catalyst for positive personal and community outcomes. From our Library of Things to computer workshops, from book discussion groups to grant-seeking workshops, from story times in local parks to art workshops in local shelters, the Library reflects its core values—Excellence, Service, Learning, Diversity and Inclusion--within and beyond its walls.

Contacting the Library's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michelle Scarpitti, Fiscal Officer, Akron-Summit County Public Library, 60 S. High Street, Akron, Ohio 44326.

Akron-Summit County Public Library
Summit County
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 17,569,317
<i>Total Assets</i>	17,569,317
Net Position	
Restricted for:	
Debt service	86,582
Unclaimed monies	9,182
Forfeited employee FSA	13,056
Permanent fund purpose:	
Expendable	11,623
Nonexpendable	435,825
Other purposes	107,647
Unrestricted	16,905,402
<i>Total Net Position</i>	\$ 17,569,317

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library
Summit County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public services and programs	\$ 13,067,723	\$ 210,452	\$ 82,725	\$ (12,774,546)
Collection development and processing	4,257,042	-	6,931	(4,250,111)
Support Services:				
Facilities operation and maintenance	4,548,956	-	-	(4,548,956)
Information technology services	933,323	-	-	(933,323)
Business administration	3,805,848	-	83,780	(3,722,068)
Capital outlay	700,599	-	-	(700,599)
<i>Total Governmental Activities</i>	<u>\$ 27,313,491</u>	<u>\$ 210,452</u>	<u>\$ 173,436</u>	<u>(26,929,603)</u>

General Receipts

Property taxes levied for:

General purposes	14,092,823
Public library	14,128,845
Grants and entitlements not restricted to specific programs	1,470,896
Unrestricted gifts and contributions	968
Earnings on investments	16,466
Miscellaneous	164,538

Total General Receipts 29,874,536

Change in net position 2,944,933

Net position beginning of year 14,624,384

Net position end of year \$ 17,569,317

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library
Summit County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 14,422,991	\$ 2,121,593	\$ 1,024,733	\$ 17,569,317
<i>Total Assets</i>	<u>14,422,991</u>	<u>2,121,593</u>	<u>1,024,733</u>	<u>17,569,317</u>
Fund Balances				
Nonspendable	9,182	-	435,825	445,007
Restricted	-	-	218,908	218,908
Assigned	10,974,587	2,121,593	370,000	13,466,180
Unassigned	3,439,222	-	-	3,439,222
<i>Total Fund Balances</i>	<u>\$ 14,422,991</u>	<u>\$ 2,121,593</u>	<u>\$ 1,024,733</u>	<u>\$ 17,569,317</u>

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library

Summit County

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2021

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and other local taxes	\$ 14,092,823	\$ -	\$ -	\$ 14,092,823
Public library	14,128,845	-	-	14,128,845
Intergovernmental	1,470,896	-	62,535	1,533,431
Patron fines and fees	210,452	-	-	210,452
Contributions, gifts and donations	18,089	-	10,000	28,089
Earnings on investments	15,087	909	470	16,466
Miscellaneous	164,538	-	83,780	248,318
<i>Total Receipts</i>	<u>30,100,730</u>	<u>909</u>	<u>156,785</u>	<u>30,258,424</u>
Disbursements				
Current:				
Library Services:				
Public services and programs	13,057,723	-	10,000	13,067,723
Collection development and processing	4,254,761	-	2,281	4,257,042
Support Services:				
Facilities operation and maintenance	4,452,808	-	96,148	4,548,956
Information technology services	933,323	-	-	933,323
Business administration	3,726,798	-	79,050	3,805,848
Capital outlay	281,867	418,545	187	700,599
<i>Total Disbursements</i>	<u>26,707,280</u>	<u>418,545</u>	<u>187,666</u>	<u>27,313,491</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	3,393,450	(417,636)	(30,881)	2,944,933
Other Financing Sources (Uses)				
Transfers in	-	1,935,000	370,000	2,305,000
Transfers out	(2,305,000)	-	-	(2,305,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,305,000)</u>	<u>1,935,000</u>	<u>370,000</u>	<u>-</u>
Net change in fund balance	1,088,450	1,517,364	339,119	2,944,933
Fund balances beginning of year	13,334,541	604,229	685,614	14,624,384
Fund balances end of year	<u>\$ 14,422,991</u>	<u>\$ 2,121,593</u>	<u>\$ 1,024,733</u>	<u>\$ 17,569,317</u>

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library
Summit County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$15,547,970	\$ 15,412,689	\$ 14,092,823	\$ (1,319,866)
Public library	11,236,004	13,782,105	14,128,845	346,740
Intergovernmental	262,779	262,779	1,470,896	1,208,117
Patron fines and fees	37,598	37,598	210,452	172,854
Contributions, gifts and donations	3,232	3,232	18,089	14,857
Earnings on investments	2,496	2,496	13,973	11,477
Miscellaneous	29,395	29,395	164,538	135,143
<i>Total Receipts</i>	<u>27,119,474</u>	<u>29,530,294</u>	<u>30,099,616</u>	<u>569,322</u>
Disbursements				
Current:				
Library Services:				
Public service and programs	13,996,747	14,096,456	13,211,151	885,305
Collection development and processing	6,397,357	6,394,026	4,435,721	1,958,305
Support Services:				
Facilities operation and maintenance	5,488,774	5,502,648	4,557,719	944,929
Information technology services	891,067	984,551	939,274	45,277
Business administration	8,681,298	8,487,662	3,735,660	4,752,002
Capital outlay	777,343	767,243	371,419	395,824
<i>Total Disbursements</i>	<u>36,232,586</u>	<u>36,232,586</u>	<u>27,250,944</u>	<u>8,981,642</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,113,112)	(6,702,292)	2,848,672	9,550,964
Other Financing Sources (Uses)				
Transfers out	(2,305,000)	(2,305,000)	(2,305,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(2,305,000)</u>	<u>(2,305,000)</u>	<u>(2,305,000)</u>	<u>-</u>
Net change in fund balance	(11,418,112)	(9,007,292)	543,672	9,550,964
Fund balance at beginning of year	11,645,655	11,645,655	11,645,655	-
Prior year encumbrances appropriated	603,082	603,082	603,082	-
Fund balance at end of year	<u>\$ 830,625</u>	<u>\$ 3,241,445</u>	<u>\$ 12,792,409</u>	<u>\$ 9,550,964</u>

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Board of Library Trustees of the Akron-Summit Public Library (the Library) has seven members: three appointed by the Common Pleas Court Judges and four appointed by the Summit County Executive and Council, as established by section 3375.22 of the Ohio Revised Code. 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 and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director and Fiscal Officer.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Council, nor can the County Councils significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the County, although the County Council serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate, and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once these decisions are made, the County Council must place the levy on the ballot.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Library is considered a related organization to Summit County.

There are nineteen Friends groups associated with the Library: one for Main Library; one for each branch library; and one Council of Friends, which is an umbrella group for the other Friends groups. Each Friends group is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt of these organizations. 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 the "Basis of Accounting" section of this note, these financial statements are prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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 statements present the activities of the Library as governmental activities. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year-end. The statement of activities compares disbursements with program receipts for each of the Library's governmental 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 and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

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

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 governmental only.

Governmental Funds Governmental funds are those through which all governmental functions of the Library are financed. The following are the Library's major governmental funds:

General Fund The general fund accounts for and reports all financial resources not accounted for or 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.

Building and Repair Fund The building and repair fund accounts for and reports the transfer of general fund receipts and other resources received for the purpose of building, expanding, and repairing library buildings.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for the General Fund and at fund level for all other funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carryover balances from the prior year, set a limit on the amount the Board of 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 Board of Trustees.

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 permanent appropriation for that fund including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

Cash and Cash Equivalents

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time 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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts respectively. Investment procedures are restricted by the provisions of the Ohio Revised Code.

During 2021, the Library invested in negotiable certificates of deposit, a money market, and STAR Ohio. Investments are reported at cost, except for the money market account and STAR Ohio. The Library's money market account investment is reported by Fifth Third Securities, Inc. on December 31, 2021.

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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2021 totaled \$15,087 which includes \$300 assigned from other Library funds.

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. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted as well as the nonspendable portions of endowments.

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.

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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Library's 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 when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlays are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the benefit of Library programs and the purchase of certain materials.

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

Fund Balance

Fund balance is divided into five classifications based primarily to the extent that 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 those through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Committed The committed fund balance classification includes amounts that can be used only for specific purposes imposed by formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes 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.

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 Board of Trustees or a Library official delegated that authority by resolution or by State statute. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable 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 disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be used.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Multiple funds are combined with the general fund in the financial statements to comply with the requirements of GASB Statement No. 54. The budgetary basis statement presents only the activity of the general fund.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 3 – Budgetary Basis of Accounting (continued)

<u>Net Change in Fund Balance</u>	
Budget Basis	\$ 543,672
Adjustment for GASB 54	(36,921)
Encumbrances	581,699
Cash Basis	<u>\$ 1,088,450</u>

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 monies that have been 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 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 the 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;

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

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. 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.
6. 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;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio); and;
8. 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.

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. 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, the Library had \$2,550 of undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits 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, the carrying amount of the Library's deposits was \$2,250,076 and the bank balance was \$2,336,090. At year end, \$559,027 of the Library's bank balance was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Library's financial institution was 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 either be 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 fair value of these investments is not materially different from measurement value. As of December 31, 2021, the Library had the following investments:

	Measurement Value	Maturity	Percentage of Total Investments
Fair Value:			
Money Market	\$ 11,178	Less than one year	0.07%
Cost:			
Certificates of Deposit	399,000	Less than one year	2.61%
Net Asset Value			
STAR Ohio	14,906,513	Averages 51.3 days	97.32%
	<u>\$ 15,316,691</u>		

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. 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. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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."

The Library places no limit on the amount it may invest in any one issuer.

Note 5 – Grants in Aid and Property 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

Property taxes include amounts levied against all real and public utility property located within Summit County. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

Real property taxes are payable annually or semi-annually. If paid annually, the 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. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 5 – Grants in Aid and Property Taxes (continued)

In May of 2015, of the Library district's voters approved a 1.4 mil renewal and a 0.5 mil increase property tax levy for a six-year period with collections beginning in 2016. In 2021, the voters approved a 1.9 mil renewal property tax levy. Collections for the levy begins in 2022 and ends in 2027.

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county including the Library. The County Fiscal Officer periodically remits the Library's portion of the taxes collected.

Note 6 – 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 2021, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Cincinnati Insurance	Property – Main - Building	\$60,000,000
	Property – Branches - Building	\$32,300,000
	Property – Main - Contents	\$20,800,000
	Property – Branches - Contents	\$23,555,353
	Commercial Umbrella Liability	\$7,000,000
	Electronic Data Equipment	\$2,653,525
	Fine Arts	\$382,383
	Extra Expense	\$2,010,000
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$1,000,000
	Fleet Insurance, single limit	\$1,000,000
	Fleet Insurance, uninsured	\$1,000,000
	Employee Dishonesty	\$250,000
	Boiler and Machinery	Property Limits
	Flood	\$1,000,000
Earthquake	\$5,000,000	
Bookmobile Contents	\$1,345,753	
Off Premises Services Interruption	\$250,000	
Philadelphia Insurance	Directors and Officers Liability	\$3,000,000
	Employment Practices	\$3,000,000
Western Surety	Public Officials Bond	\$200,000

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

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. The System administers and pays all claims.

The Library also provides health, dental and vision insurances to employees through private carriers.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

Plan Description - The employees of the Library participate in the Ohio Public Employees Retirement System (OPERS) 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS’ ACFR 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
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (continued)

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

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2021 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>

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,744,092 for the year 2021.

Note 8 – 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, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Please see the Plan Statement in the OPERS ACFR for details.

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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4 percent.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>				
Unclaimed monies	\$ 9,182	\$ -	\$ -	\$ 9,182
Barber fund	-	-	10,000	10,000
Taylor Lerch fund	-	-	425,825	425,825
Total nonspendable	9,182	-	435,825	445,007
<u>Restricted</u>				
Donor specified purpose	-	-	46,272	46,272
Forfeited employee FSA	-	-	13,056	13,056
FSA contributions	-	-	10,463	10,463
ARPA	-	-	62,535	62,535
Debt service	-	-	86,582	86,582
Total restricted	-	-	218,908	218,908
<u>Assigned</u>				
Capital projects	-	2,121,593	370,000	2,491,593
Subsequent year appropriations	10,392,839	-	-	10,392,839
Encumbrances	581,748	-	-	581,748
Total assigned	10,974,587	2,121,593	370,000	13,466,180
<u>Unassigned</u>	3,439,222	-	-	3,439,222
Total fund balance	<u>\$ 14,422,991</u>	<u>\$ 2,121,593</u>	<u>\$ 1,024,733</u>	<u>\$ 17,569,317</u>

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 10 – Contingent Liabilities

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

Note 11 – 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 2021, the Library received 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. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

This discussion and analysis of the Akron-Summit County Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2020, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2020 are as follows:

- The Library's receipts are primarily from public library fund revenues and property taxes. These receipts represent 36.2 percent and 53.5 percent, respectively, of the total cash received for the Library's government-wide activities during the year.
- In 2015, the voters approved a 1.4 mil renewal plus 0.5 mil additional property tax levy. Collections for the levy began in 2016 and end in 2021.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts, and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Reporting the Library as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2020, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Library at year-end. The Statement of Activities compares cash disbursements with program receipts. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's net position and the changes in net position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Library's financial health. Over time, an increase or decrease in the Library's net position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, one should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax and the Public Library Fund (PLF).

In the Statement of Net Position and the Statement of Activities, the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are as follows:

- **Governmental Funds** – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Bond Retirement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Other Information

Notes to the Basic Financial Statements

The notes provide additional and explanatory data. They are an integral part of the basic financial statements.

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2020 and 2019 on a cash basis:

Table 1
Governmental Net Position

	2020	2019
Assets:		
Equity in pooled cash and cash equivalents	\$ 14,624,384	\$ 9,897,915
Total Assets	14,624,384	9,897,915
Net Position:		
Restricted for:		
Debt service	86,582	329,901
Unclaimed monies	9,182	9,182
Forfeited employee FSA	13,056	13,056
Permanent fund purpose:		
Expendable	13,178	14,655
Nonexpendable	435,825	435,825
Other purposes	136,973	43,423
Unrestricted	13,929,588	9,051,873
Total Net Position	\$ 14,624,384	\$ 9,897,915

Net position of governmental activities increased \$4,726,469 or 48 percent during 2020. The primary reason for the increase in the cash balance in 2020 was a reduction in expenses due to decreased operations during the pandemic during the year.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Table 2 reflects the changes in net position on a cash basis in 2020 and 2019 for governmental activities.

Table 2

Change in Governmental Net Position

	2020	2019
Receipts:		
Program receipts:		
Charges for services and sales	\$ 146,895	\$ 407,135
Operating grants and contributions	576,389	163,419
Total program receipts	723,284	570,554
General receipts:		
Property taxes levied for general purposes	13,860,904	13,659,248
Property taxes levied for debt service	4,632,696	4,855,027
Intergovernmental revenues	14,563,459	14,737,788
Unrestricted gifts and contributions	116,209	1,510
Sale of capital assets	61,435	-
Earnings on investments	63,697	170,393
Miscellaneous	533,469	107,242
Total general receipts	33,831,869	33,531,208
Total receipts	34,555,153	34,101,762
Disbursements:		
Library services:		
Public services and programs	11,247,066	13,734,739
Collection development and processing	3,828,506	4,818,093
Support services:		
Facilities operation and maintenance	4,848,637	4,688,051
Information technology services	734,514	710,919
Business administration	3,639,700	3,485,117
Capital outlay	138,511	580,444
Debt service:		
Principal retirement	5,135,000	4,890,000
Interest and fiscal charges	256,750	501,250
Total disbursements	29,828,684	33,408,613
Change in net position	4,726,469	693,149
Net position, beginning of year	9,897,915	9,204,766
Net position, end of year	\$ 14,624,384	\$ 9,897,915

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

Governmental Activities

Program receipts represent 2.1 percent of total receipts and are primarily comprised of patron fines and fees, grants, and contributions and donations.

General receipts represent 97.9 percent of the Library's total receipts, and of this, 54.7 percent are local taxes. State grants and entitlements make up another 43.0 percent of the Library's general receipts. Other miscellaneous receipts are less significant and somewhat unpredictable revenue sources.

The first column of the Statement of Activities lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Services and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Technology Services, Business Administration, Capital Outlay and Debt Service, which account for 37.7 percent, 12.8 percent, 16.3 percent, 2.5 percent, 12.2 percent, 0.5 percent, and 18.0 percent of all Library disbursements, respectively. The next two columns of the Statement titled Program Cash Receipts identify amounts paid by persons who are directly charged for the respective service and grants received by the Library that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service paid by taxpayers from the Library's general receipts which are represented at the bottom of the Statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Service 2020	Net Cost of Service 2020	Total Cost of Service 2019	Net Cost of Service 2019
Library services:				
Public services and programs	\$ 11,247,066	\$ 10,618,572	\$ 13,734,739	\$ 13,285,962
Collection development and processing	3,828,506	3,825,775	4,818,093	4,801,556
Support services:				
Facilities operation and maintenance	4,848,637	4,848,637	4,688,051	4,688,051
Information technology services	734,514	734,514	710,919	710,919
Business administration	3,639,700	3,547,664	3,485,117	3,379,947
Capital outlay	138,511	138,488	580,444	580,374
Debt service:				
Principal retirement	5,135,000	5,135,000	4,890,000	4,890,000
Interest and fiscal charges	256,750	256,750	501,250	501,250
Total disbursements	<u>\$ 29,828,684</u>	<u>\$ 29,105,400</u>	<u>\$ 33,408,613</u>	<u>\$ 32,838,059</u>

The Library's Funds

Total governmental funds receipts were \$34,555,153 and disbursements were \$29,828,684. The General Fund receipts were \$4,273,486 more than disbursements, and the ending cash fund balance was \$13,334,541. The addition to the General Fund ending balance from 2019 to 2020 was primarily due to decreased expenses due to the pandemic in 2020.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

The Bond Retirement Fund balance changed primarily due to annual changes in the debt service schedule. Each year the county levies local taxes in an amount sufficient to pay the bond retirement obligation and the Library issues payments according to the schedule.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and accounts for transactions on a cash basis of receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2020, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$27,808,123 and actual receipts and other financing sources were \$28,760,707 which was \$952,584 more revenue than budgeted. The final budget for disbursements and other financing uses was \$34,422,046 and actual disbursements and other financing uses were \$24,925,886 (cash disbursements plus encumbrances). Actual disbursements were \$9,496,160 less than budgeted. The primary reason for the difference between budgeted and actual disbursements was due to a budgeted contingency that was not spent. Annually, a contingency line item is included in the budget but normally is not utilized.

Debt Administration

Debt

The Library has no long-term outstanding debt as of December 31, 2020.

Current Issues

All Ohio libraries face the challenge to continue providing quality services to the public while experiencing certain uncertainties in funding. Most of Ohio's public libraries depend on the State of Ohio for a major part of their funding through the Public Library Fund (PLF). The PLF is calculated as a percentage of the state's General Revenue Fund (GRF) tax revenue. Ohio libraries received 1.7 percent of the GRF tax revenue for the state biennial budget period from July 1, 2019 through June 30, 2021. Since the PLF is based on a percentage of the state's revenue, the PLF funding fluctuates as the state's revenue fluctuates.

The Library's other major operating funding source is a local property tax levy. The six-year 1.9 mill local property tax levy was approved by the voters in May of 2015 to provide for general operations. Collections from this levy run from 2016 through 2021. The Library is seeking voter approval for a renewal of the 1.9 mill levy in 2021.

The Library has remained committed to careful and thoughtful spending, especially since future State funding is somewhat uncertain and levy revenue may remain flat or decline during the levy cycle. During the recession and in the years immediately following it, the Library did not reduce public hours or the services provided. Significant reductions in salary expenses were realized through workforce attrition and reorganizing work duties. In 2014 and 2015 however, public hours were decreased in order to achieve additional savings to meet the continuing budget constraints and to accommodate reduced staff levels. In 2016, the Library added back some of the public hours and began filling some open positions in anticipation of additional revenue from the new levy. In 2017 through 2019, the Library continued carefully evaluating hiring for open positions when necessary and reorganizing work duties when practical. In 2020, as a result of the pandemic shut downs, the Library realized significant savings by furloughing approximately 85 percent of staff between mid-April and mid-June and suspending in-building services and programming.

Akron-Summit County Public Library
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2020
(Unaudited)

The Library is a community place for individual development and civic growth. Partnering with other government agencies, community organizations, and educational institutions, the Library brings resources, services, and programming to customers of all ages and abilities, and acts as a catalyst for positive personal and community outcomes. From our Memory Café to computer workshops, from Girls Who Code to grant-seeking workshops, from story times in local parks to art workshops in local shelters, the Library reflects its core values—Excellence, Service, Learning, Diversity and Inclusion--within and beyond its walls.

Contacting the Library's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michelle Scarpitti, Fiscal Officer, Akron-Summit County Public Library, 60 S. High Street, Akron, Ohio 44326.

Akron-Summit County Public Library
Summit County
Statement of Net Position - Cash Basis
December 31, 2020

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 14,624,384
<i>Total Assets</i>	14,624,384
Net Position	
Restricted for:	
Debt service	86,582
Unclaimed monies	9,182
Forfeited employee FSA	13,056
Permanent fund purpose:	
Expendable	13,178
Nonexpendable	435,825
Other purposes	136,973
Unrestricted	13,929,588
<i>Total Net Position</i>	\$ 14,624,384

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library
Summit County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2020

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public services and programs	\$ 11,247,066	\$ 146,895	\$ 481,599	\$ (10,618,572)
Collection development and processing	3,828,506	-	2,731	(3,825,775)
Support Services:				
Facilities operation and maintenance	4,848,637	-	-	(4,848,637)
Information technology services	734,514	-	-	(734,514)
Business administration	3,639,700	-	92,036	(3,547,664)
Capital outlay	138,511	-	23	(138,488)
Debt service:				
Principal retirement	5,135,000	-	-	(5,135,000)
Interest and fiscal charges	256,750	-	-	(256,750)
<i>Total Governmental Activities</i>	<u>\$ 29,828,684</u>	<u>\$ 146,895</u>	<u>\$ 576,389</u>	<u>(29,105,400)</u>

General Receipts

Property taxes levied for:

General purposes	13,860,904
Debt service	4,632,696
Public library	12,521,530
Grants and entitlements not restricted to specific programs	2,041,929
Unrestricted gifts and contributions	116,209
Sale of capital assets	61,435
Earnings on investments	63,697
Miscellaneous	533,469

Total General Receipts 33,831,869

Change in net position 4,726,469

Net position beginning of year 9,897,915

Net position end of year \$ 14,624,384

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library
Summit County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 13,334,541	\$ 80,381	\$ 1,209,462	\$ 14,624,384
<i>Total Assets</i>	<u>13,334,541</u>	<u>80,381</u>	<u>1,209,462</u>	<u>14,624,384</u>
Fund Balances				
Nonspendable	9,182	-	435,825	445,007
Restricted	-	80,381	169,408	249,789
Assigned	9,680,516	-	604,229	10,284,745
Unassigned	3,644,843	-	-	3,644,843
<i>Total Fund Balances</i>	<u>\$ 13,334,541</u>	<u>\$ 80,381</u>	<u>\$ 1,209,462</u>	<u>\$ 14,624,384</u>

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library

Summit County

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and other local taxes	\$ 13,860,904	\$ 4,632,696	\$ -	\$ 18,493,600
Public library	12,521,530	-	-	12,521,530
Intergovernmental	1,456,058	585,871	475,000	2,516,929
Patron fines and fees	146,895	-	-	146,895
Contributions, gifts and donations	173,145	-	-	173,145
Earnings on investments	63,697	-	2,417	66,114
Miscellaneous	483,469	-	92,036	575,505
<i>Total Receipts</i>	<u>28,705,698</u>	<u>5,218,567</u>	<u>569,453</u>	<u>34,493,718</u>
Disbursements				
Current:				
Library Services:				
Public services and programs	11,166,895	-	80,171	11,247,066
Collection development and processing	3,824,379	-	4,127	3,828,506
Support Services:				
Facilities operation and maintenance	4,551,456	-	297,181	4,848,637
Information technology services	734,514	-	-	734,514
Business administration	3,477,892	70,136	91,672	3,639,700
Capital outlay	138,511	-	-	138,511
Debt service:				
Principal retirement	-	5,135,000	-	5,135,000
Interest and fiscal charges	-	256,750	-	256,750
<i>Total Disbursements</i>	<u>23,893,647</u>	<u>5,461,886</u>	<u>473,151</u>	<u>29,828,684</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	4,812,051	(243,319)	96,302	4,665,034
Other Financing Sources (Uses)				
Sale of capital assets	61,435	-	-	61,435
Transfers in	-	-	600,000	600,000
Transfers out	(600,000)	-	-	(600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(538,565)</u>	<u>-</u>	<u>600,000</u>	<u>61,435</u>
Net change in fund balance	4,273,486	(243,319)	696,302	4,726,469
Fund balances beginning of year	9,061,055	323,700	513,160	9,897,915
Fund balances end of year	<u>\$ 13,334,541</u>	<u>\$ 80,381</u>	<u>\$ 1,209,462</u>	<u>\$ 14,624,384</u>

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library
Summit County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 14,045,575	\$ 13,770,648	\$ 13,860,904	\$ 90,256
Public library	12,675,191	11,701,798	12,521,530	819,732
Intergovernmental	1,475,457	1,446,577	1,456,058	9,481
Patron fines and fees	151,728	151,728	146,895	(4,833)
Contributions, gifts and donations	178,842	178,842	173,145	(5,697)
Earnings on investments	59,155	59,155	57,271	(1,884)
Miscellaneous	499,375	499,375	483,469	(15,906)
<i>Total Receipts</i>	<u>29,085,323</u>	<u>27,808,123</u>	<u>28,699,272</u>	<u>891,149</u>
Disbursements				
Current:				
Library Services:				
Public service and programs	14,304,023	12,726,175	11,259,262	1,466,913
Collection development and processing	5,481,642	5,421,844	4,150,380	1,271,464
Support Services:				
Facilities operation and maintenance	5,115,423	5,643,713	4,493,969	1,149,744
Information technology services	824,479	834,371	742,723	91,648
Business administration	7,061,269	8,531,613	3,454,198	5,077,415
Capital outlay	414,230	664,330	225,354	438,976
<i>Total Disbursements</i>	<u>33,201,066</u>	<u>33,822,046</u>	<u>24,325,886</u>	<u>9,496,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,115,743)	(6,013,923)	4,373,386	10,387,309
Other Financing Sources (Uses)				
Sale of capital assets	-	-	61,435	61,435
Transfers out	(600,000)	(600,000)	(600,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(600,000)</u>	<u>(600,000)</u>	<u>(538,565)</u>	<u>61,435</u>
Net change in fund balance	(4,715,743)	(6,613,923)	3,834,821	10,448,744
Fund balance at beginning of year	7,070,175	7,070,175	7,070,175	-
Prior year encumbrances appropriated	740,659	740,659	740,659	-
Fund balance at end of year	<u>\$ 3,095,091</u>	<u>\$ 1,196,911</u>	<u>\$ 11,645,655</u>	<u>\$ 10,448,744</u>

See accompanying notes to the basic financial statements.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 1 – Description of the Library and Reporting Entity

The Board of Library Trustees of the Akron-Summit Public Library (the Library) has seven members: three appointed by the Common Pleas Court Judges and four appointed by the Summit County Executive and Council, as established by section 3375.22 of the Ohio Revised Code. 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 and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.33 to 3375.41 of the Ohio Revised Code. The Board of Library Trustees appoints a Director and Fiscal Officer.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Council, nor can the County Councils significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the County, although the County Council serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate, and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once these decisions are made, the County Council must place the levy on the ballot.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Library is considered a related organization to Summit County.

There are nineteen Friends groups associated with the Library: one for Main Library; one for each branch library; and one Council of Friends, which is an umbrella group for the other Friends groups. Each Friends group is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt of these organizations. 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 the "Basis of Accounting" section of this note, these financial statements are prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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 statements present the activities of the Library as governmental activities. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year-end. The statement of activities compares disbursements with program receipts for each of the Library's governmental 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 and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

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

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 governmental only.

Governmental Funds Governmental funds are those through which all governmental functions of the Library are financed. The following are the Library's major governmental funds:

General Fund The general fund accounts for and reports all financial resources not accounted for or 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.

Bond Retirement Fund The bond retirement fund accounts for and reports the receipt of property taxes and other resources received for the retirement of principal and interest on the Library's bond indebtedness.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for the General Fund and at fund level for all other funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carryover balances from the prior year, set a limit on the amount the Board of 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 Board of Trustees.

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 permanent appropriation for that fund including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

Cash and Cash Equivalents

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time 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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts respectively. Investment procedures are restricted by the provisions of the Ohio Revised Code.

During 2020, the Library invested in nonnegotiable certificates of deposit, a money market account, and STAR Ohio. Investments are reported at cost, except for the money market account and STAR Ohio. The Library's money market account investment is reported by Fifth Third Securities, Inc. on December 31, 2020.

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 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2020 totaled \$63,697 which includes \$10,817 assigned from other Library funds.

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. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted as well as the nonspendable portions of endowments.

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.

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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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 cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Library's 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 when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlays are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the benefit of Library programs and the purchase of certain materials.

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

Fund Balance

Fund balance is divided into five classifications based primarily to the extent that 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 those through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Committed The committed fund balance classification includes amounts that can be used only for specific purposes imposed by formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes 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.

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 Board of Trustees or a Library official delegated that authority by resolution or by State statute. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable 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 disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications may be used.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Multiple funds are combined with the general fund in the financial statements to comply with the requirements of GASB Statement No. 54. The budgetary basis statement presents only the activity of the general fund.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 3 – Budgetary Basis of Accounting (continued)

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

<u>Net Change in Fund Balance</u>	
Budget Basis	\$ 3,834,821
Adjustment for GASB 54	(164,416)
Encumbrances	<u>603,081</u>
Cash Basis	<u>\$ 4,273,486</u>

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 monies that have been 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 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 the 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;

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

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. 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.
6. 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;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio); and;
8. 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.

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. 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, the Library had \$2,550 of undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits 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, the carrying amount of the Library's deposits was \$2,327,062 and the bank balance was \$3,139,874. At year end, \$949,912 of the Library's bank balance was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Library's financial institution was 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 either be 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 fair value of these investments is not materially different from measurement value. As of December 31, 2020, the Library had the following investments:

	<u>Measurement Value</u>	<u>Maturity</u>	<u>Percentage of Total Investments</u>
Net Asset Value			
STAR Ohio	\$ 11,890,904	Averages 55.8 days	96.72%
Fair Value:			
Money Market	\$ 3,868	Less than one year	0.03%
Cost:			
Negotiable Certificates of Deposit	\$ 400,000	Less than one year	3.25%
Total Portfolio	<u>\$12,294,772</u>		

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (continued)

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. 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. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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."

The Library places no limit on the amount it may invest in any one issuer.

Note 5 – Grants in Aid and Property 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

Property taxes include amounts levied against all real and public utility property located within Summit County. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 5 – Grants in Aid and Property Taxes (continued)

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. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

In May of 2015, the Library district's voters approved a 1.4 mil renewal and a 0.5 mil increase property tax levy for a six-year period with collections beginning in 2016.

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county including the Library. The County Fiscal Officer periodically remits the Library's portion of the taxes collected.

Note 6 – 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 2020, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Cincinnati Insurance	Property – Main - Building	\$60,000,000
	Property – Branches - Building	\$32,300,000
	Property – Main - Contents	\$20,800,000
	Property – Branches - Contents	\$23,555,353
	Commercial Umbrella Liability	\$7,000,000
	Electronic Data Equipment	\$2,653,525
	Fine Arts	\$382,383
	Extra Expense	\$2,010,000
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$1,000,000
	Fleet Insurance, single limit	\$1,000,000
	Fleet Insurance, uninsured	\$1,000,000
	Employee Dishonesty	\$250,000
	Boiler and Machinery	Property Limits
	Flood	\$1,000,000
	Earthquake	\$5,000,000
Bookmobile Contents	\$1,345,753	
Off Premises Services Interruption	\$250,000	
Philadelphia Insurance	Directors and Officers Liability	\$3,000,000
	Employment Practices	\$3,000,000
Western Surety	Public Officials Bond	\$200,000

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

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. The System administers and pays all claims.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 6 – Risk Management (continued)

The Library also provides health, dental and vision insurances to employees through private carriers.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

Plan Description - The employees of the Library participate in the Ohio Public Employees Retirement System (OPERS) 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR, 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
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plan (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

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

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2020 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>

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plan (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,523,449 for the year 2020.

Note 8 – 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, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Please see the Plan Statement in the OPERS ACFR for details.

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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4 percent.

Note 9 – Debt

Construction and Improvement of Facilities

The Library’s long-term debt activity for the year ended December 31, 2020, was as follows:

	Interest Rate	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Library Improvement Bonds						
2011 Refunding	2.0%-5.0%	\$ 5,135,000	-	\$ (5,135,000)	-	-
		<u>\$ 5,135,000</u>	<u>-</u>	<u>\$ (5,135,000)</u>	<u>-</u>	<u>-</u>

The Library Board of Trustees authorized the issuance of \$80,000,000 in Library Improvement Bonds in February 1998. Bonds totaling \$45,000,000 were issued in March 1998 and the remaining bonds totaling \$35,000,000 were issued in August 2002. These bonds were for the construction, renovation, and/or repair of the Main Library and fifteen of the Library’s branch locations.

In 2005, the Library did an advance refunding of the Series 1998A bonds. Outstanding bonds of \$22,515,000 were defeased and \$21,965,000 in new bonds were issued at lower interest rates saving the taxpayers nearly \$897,000 in interest over the life of the issue.

In 2011, the Library did an advance refunding of the Series 2002 bonds. Outstanding bonds of \$27,730,000 were defeased and \$26,225,000 in new bonds were issued at lower interest rates saving the taxpayers over \$2,600,000 over the life of the issue. These bonds were paid off in 2020.

Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>				
Unclaimed monies	\$ 9,182	\$ -	\$ -	\$ 9,182
Barber fund	-	-	10,000	10,000
Taylor Lerch fund	-	-	425,825	425,825
Total nonspendable	9,182	-	435,825	445,007
<u>Restricted</u>				
Donor specified purpose	-	-	48,270	48,270
Forfeited employee FSA	-	-	13,056	13,056
FSA contributions	-	-	5,733	5,733
CARES Act	-	-	96,148	96,148
Debt service	-	80,381	6,201	86,582
Total restricted	-	80,381	169,408	249,789
<u>Assigned</u>				
Capital projects	-	-	604,229	604,229
Subsequent year appropriations	9,069,346	-	-	9,069,346
Encumbrances	611,170	-	-	611,170
Total assigned	9,680,516	-	604,229	10,284,745
<u>Unassigned</u>	3,644,843	-	-	3,644,843
Total fund balance	\$ 13,334,541	\$ 80,381	\$ 1,209,462	\$ 14,624,384

Note 11 – Contingent Liabilities

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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

Akron-Summit County Public Library
Summit County
60 S. High St.
Akron, Ohio 44236

To the Board of Trustees:

We have audited, in accordance with 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron-Summit County Public Library, Summit County, (the Library) as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 18, 2022. wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Library.

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 purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

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*.

Library's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Library's response to the finding identified in our audit and described in the accompanying schedule of findings not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2022

**AKRON-SUMMIT COUNTY PUBLIC LIBRARY
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Financial Reporting

FINDING NUMBER 2021-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Library did not have policies and procedures in place for certain financial statement accounts, which led to the following proposed reclassifications and adjustments to the financial statements:

- Paragraph 13 of Governmental Accounting Standards Board (GASB) Statement No. 54 provides amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. During 2020, actual major general fund outstanding encumbrances outstanding at year-end were \$611,170; however, the financial statements reported outstanding encumbrances of \$853,634, which is a difference of \$242,464. As a result, assigned fund balance was overstated and unassigned fund balance was understated by \$242,464 in the major general fund. The financial statements were adjusted to reflect this reclassification.
- Paragraph 16 of GASB Statement No. 54 provides an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. During 2020, the major general fund subsequent year appropriations of \$36,755,451 exceeded subsequent year estimated receipts of \$27,686,105 by \$9,069,346, which represents an assignment of fund balance. The \$9,069,346 was reported as unassigned fund balance rather than assigned fund balance. As a result, assigned fund balance was understated by \$9,069,346 and unassigned fund balance was overstated by \$9,069,346 in the major general fund. The financial statements were adjusted to reflect this reclassification.
- The fund balance at beginning of year reported on the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis for the general fund for the year ended December 31, 2020 of \$8,320,396 was overstated by \$1,250,221 and should have been \$7,070,175. The fund balance at beginning of year did not agree to the prior year audited financial statements because it included fund balances from funds other than the general fund that are reported within the major general fund for financial reporting purposes on the fund financial statements but are to be excluded from the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis. The financial statements were adjusted to reflect this adjustment.
- Disbursements reported on the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis for the General Fund for the year ended December 31, 2020 were overstated by \$250,553. Specifically, public service and programs, collection development and processing, facilities operation and maintenance, information technology services and business administration disbursements were overstated by \$174,528, \$14,891, \$23,023, \$10,371 and \$27,740, respectively. The overstatement was the result of a combination of the overstatement of outstanding encumbrances in the amount of \$242,464 discusses in the first bullet point and a separate error of \$8,089. The financial statements were adjusted to reflect this adjustment.

To help ensure the Library's financial statements are complete and accurate, the Library should adopt policies and procedures to identify and correct errors and omissions. In addition, the Library should review the financial statements and notes prior to submission for audit.

Official's Response: All items noted in the schedule of findings were associated with the compilation of data for the 2020 financial statements, not the original data itself. There were no issues brought to management indicating there were errors, omissions, or other matters identified during the detail testing of revenue or expenditure transactions, or internal controls.

The overstatement of encumbrances and disbursements reported was a result of improperly including year-end accounts payables in the reported totals. The portion of fund balance improperly reported as unassigned instead of assigned was a classification issue but the fund total was correct. The overstatement of beginning fund balance on the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual was the result of erroneously including the balances of other funds that are reported under the General Fund in the other statements; they are excluded on this one statement.

Management has implemented processes to address these items. They were corrected in the 2021 financial statements and will be applied going forward.

OHIO AUDITOR OF STATE KEITH FABER



AKRON-SUMMIT COUNTY PUBLIC LIBRARY

SUMMIT 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 11/29/2022

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

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