



OHIO AUDITOR OF STATE
KEITH FABER



**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

Stark County District Library
Stark County
715 Market Avenue North
Canton, Ohio 44702

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 Stark County District Library, Stark County, Ohio (the Library), as of and for the year ended December 31, 2021, 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 the respective changes in cash-basis financial position thereof 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 15 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 7, 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 7, 2022

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**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The management's discussion and analysis of the Stark County District Library (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 of accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the basic financial statements to enhance their understanding of the Library's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net position of the Library increased \$2,354,446 or 11.66% during 2021.
- General receipts accounted for \$20,064,244 or 98.02% of total governmental activities receipts. Program specific receipts accounted for \$405,767 or 1.98% of total governmental activities receipts.
- The Library had \$18,115,565 in cash disbursements related to governmental activities; \$405,767 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily property taxes and public library fund receipts) of \$20,064,244 were adequate to provide for these programs.
- The Library's major funds are the General Fund, Capital Projects Fund and the Capital Campaign Fund, and the Capital Fund - Main Library. The General Fund had receipts of \$19,548,232 in 2021. The disbursements and other financing uses of the General Fund totaled \$21,717,728 in 2021. The General Fund's balance decreased \$2,169,496 from a balance of \$10,997,582 to \$8,828,086.
- The Capital Projects Fund had receipts and other financing sources of \$1,501,098 and disbursements of \$314,421 during 2021. The fund balance of the Capital Projects Fund increased \$1,186,857 from a balance of \$2,206,667 to a balance of \$3,393,524 during 2021.
- The Capital Campaign Fund had receipts of \$30,247 and disbursements of \$2,791,977. The fund balance of the Capital Campaign Fund decreased \$2,761,730 from a balance of \$6,532,198 to a balance of \$3,770,468 during 2021.
- The Capital Fund - Main Library had other financing sources of \$4,000,000. The Capital Fund - Main Library was created during 2021.

Using this Cash Basis Basic Financial Statements (BFS)

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

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole Library, presenting an aggregate view of the Library's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Library's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Library, there are four major governmental funds: the General Fund, Capital Projects fund and Capital Campaign Fund, and the Capital Fund - Main Library.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

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 - cash basis and the statement of activities - cash basis answer the question, "How did we do financially during 2021?" These statements include *only net cash assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Library's net position and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Library as a whole, the cash basis financial position of the Library has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Library's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and the statement of activities - cash basis, the governmental activities include Library's programs and services including library services, support services, capital outlay and debt service.

The statement of net position - cash basis and the statement of activities - cash basis can be found on pages 13-14 of this report.

Reporting the Library's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library are considered governmental funds.

Fund financial reports provide detailed information about the Library's major funds. The Library uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Library's most significant funds. The Library's major governmental funds are the General Fund, Capital Projects Fund, Capital Campaign Fund, and Capital Fund - Main Library. The analysis of the Library's major governmental fund begins on page 10.

Governmental Funds

The Library's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than GAAP. The governmental fund statements provide a detailed view of the Library's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Library programs. Since the Library is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 15-16 of this report.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17-34 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position - cash basis provides the perspective of the Library as a whole.

The table below provides a summary of the Library's net position at December 31, 2021 and December 31, 2020.

	Net Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 22,546,666	\$ 20,192,220
Total assets	<u>22,546,666</u>	<u>20,192,220</u>
<u>Net Position</u>		
Restricted	4,150,885	6,783,155
Unrestricted	<u>18,395,781</u>	<u>13,409,065</u>
Total net position	<u>\$ 22,546,666</u>	<u>\$ 20,192,220</u>

The total net position of the Library increased \$2,354,446, which represents a 11.66% increase over December 31, 2020's net position. This increase was primarily the result of an increase in public library funds.

The balance of government-wide unrestricted net position of \$18,395,781 may be used to meet the Library's ongoing obligations to citizens and creditors.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The table below shows the changes in net position for 2021 and 2020.

	Change in Net Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
Receipts:		
Program receipts:		
Charges for services and sales	\$ 84,306	\$ 82,385
Operating grants and contributions	295,295	333,991
Capital grants and contributions	<u>26,166</u>	<u>26,000</u>
Total program receipts	<u>405,767</u>	<u>442,376</u>
General receipts:		
Property taxes	11,415,232	11,125,122
Public library fund	8,411,578	7,425,704
Unrestricted grants	167,314	314,500
Earnings on investments	9,994	29,181
Sale of notes	-	6,500,000
Premium on sale of notes	-	196,905
Miscellaneous	<u>60,126</u>	<u>342,209</u>
Total general receipts	<u>20,064,244</u>	<u>25,933,621</u>
Total receipts	<u>\$ 20,470,011</u>	<u>\$ 26,375,997</u>
Disbursements:		
Current:		
Library services:		
Public services and programs	\$ 6,041,181	\$ 5,389,544
Collection development and processing	3,424,889	2,954,827
Support services:		
Facilities operation and maintenance	1,486,494	1,263,425
Information services	1,095,032	799,600
Business administration	2,493,134	2,979,191
Capital outlay	2,933,475	1,683,092
Debt service:		
Principal retirement	325,000	120,000
Interest and fiscal charges	316,360	183,350
Note issuance costs	<u>-</u>	<u>147,955</u>
Total disbursements	<u>\$ 18,115,565</u>	<u>\$ 15,520,984</u>
Change in net position	2,354,446	10,855,013
Net position at beginning of year	<u>20,192,220</u>	<u>9,337,207</u>
Net position at end of year	<u>\$ 22,546,666</u>	<u>\$ 20,192,220</u>

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

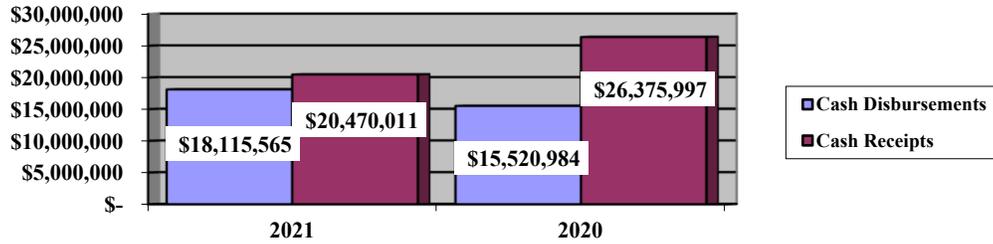
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Governmental Activities

Governmental net cash position increased by \$2,354,446 in 2021 from 2020. Total governmental disbursements of \$18,115,565 were offset by program receipts of \$405,767 and general receipts of \$20,064,244. Program receipts supported 2.24% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes and public library fund receipts. These receipt sources represent 96.86% of total governmental receipts. Real estate property is reappraised every six years.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



Governmental Activities

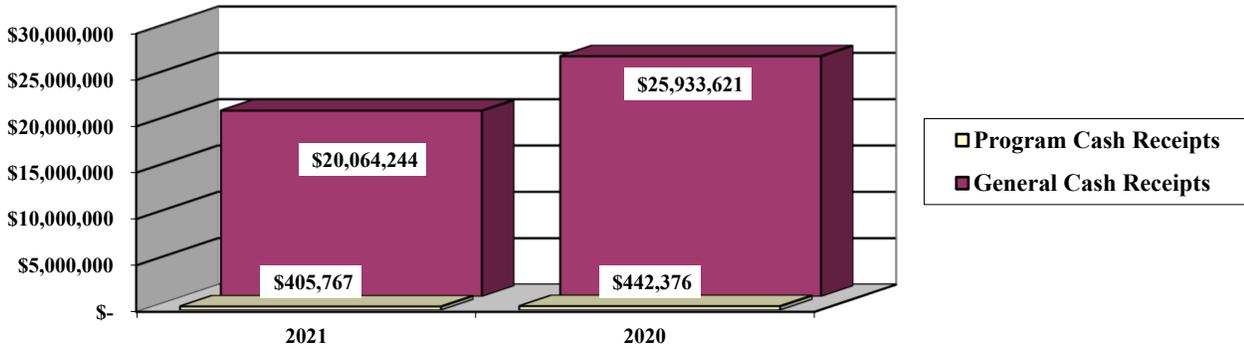
	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Disbursements:				
Current:				
Library services:				
Public services and programs	\$ 6,041,181	\$ 5,664,717	\$ 5,389,544	\$ 5,209,422
Collection development and processing	3,424,889	3,424,889	2,954,827	2,954,827
Support services:				
Facilities operation and maintenance	1,486,494	1,486,494	1,263,425	1,263,425
Information services	1,095,032	1,091,895	799,600	793,300
Business administration	2,493,134	2,493,134	2,979,191	2,754,480
Capital outlay	2,933,475	2,907,309	1,683,092	1,651,849
Debt service:				
Principal retirement	325,000	325,000	120,000	120,000
Interest and fiscal charges	316,360	316,360	183,350	183,350
Note issuance costs	-	-	147,955	147,955
Total	\$ 18,115,565	\$ 17,709,798	\$ 15,520,984	\$ 15,078,608

The dependence upon general receipts for governmental activities is apparent; with 97.76% of disbursements supported through taxes and other general receipts during 2021.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Governmental Activities - General and Program Receipts



Financial Analysis of the Government's Funds

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Library's governmental funds are accounted for using the cash basis of accounting.

The Library's governmental funds reported a combined fund cash balance of \$22,546,666, which is \$2,354,446 higher than last year's total balance of \$20,192,220. The schedule below indicates the fund cash balance and the total change in fund balance as of December 31, 2021 and December 31, 2020, for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2021</u>	<u>Fund Balance</u> <u>December 31, 2020</u>	<u>Change</u>
Major funds:			
General	\$ 8,828,086	\$ 10,997,582	\$ (2,169,496)
Capital Projects	3,393,524	2,206,667	1,186,857
Capital Campaign Fund	3,770,468	6,532,198	(2,761,730)
Capital Fund - Main Library	4,000,000	-	4,000,000
Other nonmajor governmental funds	<u>2,554,588</u>	<u>455,773</u>	<u>2,098,815</u>
Total	<u>\$ 22,546,666</u>	<u>\$ 20,192,220</u>	<u>\$ 2,354,446</u>

General Fund

The General Fund had receipts of \$19,548,232 in 2021. The disbursements and other financing uses of the General Fund totaled \$21,717,728 in 2021. The General Fund's cash balance decreased \$2,169,496 from a balance of \$10,997,582 to \$8,828,086. The decrease is primarily due to a \$4,000,000 transfer to the Capital Fund - Main Library (a major fund).

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Capital Projects Fund

The Capital Projects Fund had \$1,501,098 in receipts and other financing sources and \$314,241 in disbursements during 2021. The fund balance of the Capital Projects Fund increased \$1,186,857 from a balance of \$2,206,667 to a balance of \$3,393,524. The increase in fund balance was primarily due to a \$1,500,000 transfer from the General Fund.

Capital Campaign Fund

The Capital Campaign Fund had \$30,247 in receipts and \$2,791,977 in disbursements during 2021. The fund balance of the Capital Projects Fund decreased \$2,761,730 from a balance of \$6,532,198 to a balance of \$3,770,468. The decrease in fund balance was primarily due to disbursements related to capital outlay.

Capital Fund - Main Library

The Capital Fund - Main Library had other financing sources of \$4,000,000. This fund was created during 2021.

Capital Assets and Debt Administration

Capital Assets

The Library does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

The Library had the following long-term obligations outstanding at December 31, 2021 and December 31, 2020:

	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2020</u>
Library Facilities		
Notes - Series 2018	\$ 4,430,000	\$ 4,555,000
Library Facilities		
Notes - Series 2020	<u>6,300,000</u>	<u>6,500,000</u>
Total long-term obligations	<u>\$ 10,730,000</u>	<u>\$ 11,055,000</u>

The Library Facilities Notes - Series 2018 carry an interest rate of 4.00% and have a final maturity of December 1, 2043. The Library Facilities Notes - Series 2020 carry a variable interest rate between 0.45%-4.00%. See Note 12 in the basic financial statements for detail on the Library's debt administration.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some instances, shrinking funding.

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted by the State of Ohio as the funding mechanism for Ohio public libraries in January 2008 and set at a fixed 2.22 percent of the total General Revenue Fund (GRF) tax receipts. Effective July 2013, the funding percentage was changed to 1.66 percent of the total GRF tax receipts. In 2014, the Ohio General Assembly temporarily increased the percentage to 1.7 percent effective until the Fiscal Year 2018 and Fiscal Year 2019 state budget. In June 2017 the Ohio General Assembly changed the temporary percentage from 1.7 percent to 1.68 percent, through the Fiscal Year 2018 and Fiscal Year 2019 budget. The PLF was again temporarily set to 1.7 percent through Fiscal Year 2020 and 2021. The PLF is set to remain at 1.7 percent through Fiscal Year 2022 and 2023.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

On March 15, 2020 the COVID-19 pandemic caused the Library to shut its doors to the public. In May 2020 the Library opened a "Library to GO" service, beginning to allow the curbside pickup of materials. During the complete shutdown and limited curbside services, many Library staff were placed on a temporary layoff. In June the Library brought a large portion of staff back on a Shared Work Ohio plan, a layoff aversion program offered by Ohio Department of Job and Family Services. In July the Library began re-opening branches, with limited browsing and computer usage. By the end of August, all locations were reopened with limited hours and services. The Library has fully re-opened however continues to operate with various service limitations including; limits to the number of patrons allowed at programs, and mask mandates for staff and program attendees. In addition to limitations to services, the Library continues to follow all guidance from the Ohio Department of Health, including mask and face coverings as well as social distancing and cleaning/sanitation recommendations.

The Library engaged with an architecture firm about a renovation project for 6 of its branch locations, called ReImagine. In June 2019 the Library selected a Construction Manager At-Risk for these ReImagine projects. Phase 1 of the project, including the first 3 branches, began renovation in March 2021 and was substantially complete by December 2021. Phase 2, the second 3 branches, is scheduled to begin in March 2022.

In May 2019 the Library passed an additional 2 mil operating levy that will generate an expected \$11.3 million per year for the Library. After passing the levy the Library Board of Trustees reduced the collection on the existing 1.7 mil levy so that the Library would not "double tax" the citizens. The additional revenue is approximately \$3.3 million more than the 1.7 mil levy.

The Library will continue to explore new technology solutions for staff and customers, including new Library equipment providing 24/7 access to services, access to e-materials, and improved internet access for customers. As the information needs of our service population change, the Library must continue to seek innovative and relevant solutions and formats.

The Library also continues to monitor expenditures and is committed to maintaining long term sustainability and will also continue to search for additional funding to be able to provide the service our customers expect.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Chris Butler, Fiscal Officer, Stark County District Library, 715 Market Avenue North, Canton, Ohio 44702-1018. Also, information regarding the Library is available on its website, www.starklibrary.org.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 22,546,666
Total assets	\$ 22,546,666
Net position:	
Restricted for:	
Debt service	\$ 103,314
Capital projects	3,773,335
Library programs	157,376
Library materials	33,030
Other purposes	83,830
Unrestricted	18,395,781
Total net position	\$ 22,546,666

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements)</u> <u>Receipts and</u> <u>Changes in Net Position</u> <u>Governmental</u> <u>Activities</u>
		<u>Charges for</u> <u>Services and Sales</u>	<u>Operating Grants</u> <u>and Contributions</u>	<u>Capital Grants</u> <u>and Contributions</u>	
Governmental activities:					
Current:					
Library services:					
Public services and programs	\$ 6,041,181	\$ 84,306	\$ 292,158	\$ -	\$ (5,664,717)
Collection development and processing	3,424,889	-	-	-	(3,424,889)
Support services:					
Facilities operation and maintenance	1,486,494	-	-	-	(1,486,494)
Information services	1,095,032	-	3,137	-	(1,091,895)
Business administration	2,493,134	-	-	-	(2,493,134)
Capital outlay	2,933,475	-	-	26,166	(2,907,309)
Debt service:					
Principal retirement	325,000	-	-	-	(325,000)
Interest and fiscal charges	316,360	-	-	-	(316,360)
Total governmental activities	<u>\$ 18,115,565</u>	<u>\$ 84,306</u>	<u>\$ 295,295</u>	<u>\$ 26,166</u>	<u>(17,709,798)</u>

General receipts:

Property taxes levied for:

General purposes

11,415,232

Public library fund

8,411,578

Grants and entitlements not restricted
to specific programs

167,314

Earnings on investments

9,994

Miscellaneous

60,126

Total general receipts

20,064,244

Change in net position

2,354,446

Net position at beginning of year

20,192,220

Net position at end of year

\$ 22,546,666

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Campaign</u>	<u>Capital Fund - Main Library</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 8,828,086	\$ 3,393,524	\$ 3,770,468	\$ 4,000,000	\$ 2,554,588	\$ 22,546,666
Total assets	<u>\$ 8,828,086</u>	<u>\$ 3,393,524</u>	<u>\$ 3,770,468</u>	<u>\$ 4,000,000</u>	<u>\$ 2,554,588</u>	<u>\$ 22,546,666</u>
Fund balances:						
Restricted	\$ -	\$ -	\$ 3,770,468	\$ -	\$ 380,417	\$ 4,150,885
Committed	-	-	-	4,000,000	174,171	4,174,171
Assigned	1,080,754	3,393,524	-	-	2,000,000	6,474,278
Unassigned	<u>7,747,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,747,332</u>
Total fund balances	<u>\$ 8,828,086</u>	<u>\$ 3,393,524</u>	<u>\$ 3,770,468</u>	<u>\$ 4,000,000</u>	<u>\$ 2,554,588</u>	<u>\$ 22,546,666</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Capital Projects	Capital Campaign	Capital Fund - Main Library	Other Governmental Funds	Total Governmental Funds
Receipts:						
Property and other local taxes	\$ 11,415,232	\$ -	\$ -	\$ -	\$ -	\$ 11,415,232
Public library fund	7,769,739	-	-	-	641,839	8,411,578
Intergovernmental	167,314	-	-	-	30,999	198,313
Patron fines and fees	84,306	-	-	-	-	84,306
Contributions, gifts and donations	49,258	-	26,000	-	213,503	288,761
Earnings on investments	2,257	1,098	4,247	-	2,392	9,994
Miscellaneous	60,126	-	-	-	1,701	61,827
Total receipts	19,548,232	1,098	30,247	-	890,434	20,470,011
Disbursements:						
Current:						
Library services:						
Public services and programs	5,831,859	17,575	39,603	-	152,144	6,041,181
Collection development and processing	3,424,889	-	-	-	-	3,424,889
Support services:						
Facilities operation and maintenance	1,479,836	5,875	-	-	783	1,486,494
Information services	1,090,833	-	-	-	4,199	1,095,032
Business administration	2,205,223	47,011	179,125	-	61,775	2,493,134
Capital outlay	90,088	243,780	2,573,249	-	26,358	2,933,475
Debt service:						
Principal retirement	-	-	-	-	325,000	325,000
Interest and fiscal charges	-	-	-	-	316,360	316,360
Total disbursements	14,122,728	314,241	2,791,977	-	886,619	18,115,565
Excess (deficiency) of receipts over (under) disbursements	5,425,504	(313,143)	(2,761,730)	-	3,815	2,354,446
Other financing sources (uses):						
Transfers in	-	1,500,000	-	4,000,000	2,095,000	7,595,000
Transfers (out)	(7,595,000)	-	-	-	-	(7,595,000)
Total other financing sources (uses)	(7,595,000)	1,500,000	-	4,000,000	2,095,000	-
Net change in fund balances	(2,169,496)	1,186,857	(2,761,730)	4,000,000	2,098,815	2,354,446
Fund balance at beginning of year	10,997,582	2,206,667	6,532,198	-	455,773	20,192,220
Fund balance at end of year	\$ 8,828,086	\$ 3,393,524	\$ 3,770,468	\$ 4,000,000	\$ 2,554,588	\$ 22,546,666

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

Stark County District Library, Stark County, Ohio, (the Library) is a body corporate and politic, capable of suing and being sued; contracting; acquiring, holding, processing, and disposing of real and personal property; and exercising such powers and privileges as are conferred upon it by law. The Library is directed by a seven-member Board of Trustees: four of whom are appointed by the Stark County Commissioners and three of whom are appointed by the Stark County Common Pleas Judges. Appointments are for seven year terms, and members serve without compensation. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.22 to 3375.403 of the Ohio Revised Code with the administration of the day-to-day operations of the Library and financial accountability being the responsibility of the Executive Director and Fiscal Officer.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Commissioners, nor can the County Commissioners 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 Commissioners 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 Commissioners 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 Stark County.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Library consists of all funds, departments, boards, and agencies that are not legally separate from the Library.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

As discussed further below, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The Library's basic financial statements consist of government-wide financial-statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the Library as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Library had no business-type activities during the year ended December 31, 2021. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange transactions.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Accounting (continued)

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Library at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements – During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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

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.

Fund Accounting

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

Governmental Funds: Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major Governmental Funds:

General Fund is used to account for the general operating revenues and disbursements of the Library not specifically required to be recorded elsewhere. The primary revenue sources include Public Library Fund, levy receipts, patron fees and intergovernmental revenues. 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.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (continued)

Capital Projects Fund is used to account for money for current and future Library projects, as established by the Board of Trustees.

Capital Campaign Fund is used to account for note proceeds and donations that are restricted to be used on renovations and improvements on Library buildings.

Capital Fund - Main Library is used to account for money that is committed to be used on renovations and improvements on the Main Library.

The other governmental funds of the Library are (a) used to account for and report the proceeds of specific receipt sources that are restricted or omitted to disbursement for specific purposes other than debt service or capital projects, (b) used to account for and report financial resources that are restricted to disbursement for principal and interest and (c) used to account for and report financial resources that are restricted, committed or assigned to disbursements for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Budgetary Process

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

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources.

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 with an original maturity of three months or less at the time they are purchased and investments of the cash management pool 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. The Library followed Ohio statutes for the allocation of interest earnings among the Library's funds. Interest receipts credited to the General Fund for 2021 was \$2,257.

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.

During fiscal year 2021, investments were limited to STAR Ohio (The State Treasury Asset Reserve of Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (continued)

STAR 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 as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on the 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, 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.

Fund Balance

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

1. 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.

2. Restricted

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

3. Committed

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

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (continued)

4. Assigned

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

5. Unassigned

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

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

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 cash basis of accounting the Library uses.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library applies restricted resources first when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller fund and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources used in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

On the cash basis of accounting, inventories of supplies are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

3. CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

For 2021, the Library has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. Since the Library does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Library.

For 2021, the Library has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the Library has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the Library has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

4. 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 differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,080,754 for the General Fund. There was no outstanding advance at year end.

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Library into three categories: Active monies are public monies necessary to meet current demands on the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Fiscal Officer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations, including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements are met;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. DEPOSITS AND INVESTMENTS (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, in an amount not to exceed forty (40) percent of the interim monies available for investment at any one time if training requirements have been met;
8. Written repurchase agreements in the securities described above in (1) or (2) provided that 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 that the term of the agreement must not exceed thirty days; and,
9. Star Ohio Plus-Bank Deposit Program for Public Fund Managers (FDIC insured).

The Library may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is not default of principal, interest, or coupons; and,
3. Obligations of the Library.

Protection of the 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 institutions 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.

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. 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 \$990 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the Financial Statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, the carrying amount of the Library's deposits was \$17,661,394 and the bank balance was \$17,880,284. Of the bank balance, \$3,148,705 was covered by federal depository insurance, \$10,683,061 was covered by collateral held through OPCS, and \$4,048,518 was not insured or collateralized.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or 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 one hundred five percent of the deposits being secured; or

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

5. DEPOSITS AND INVESTMENTS (Continued)

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 one hundred two percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the Library's financial institution was approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of December 31, 2021, the Library had the following investments:

	Investment Maturities (in Years)	
	Measurement Amount	Less than 1 year
	STAR Ohio	\$ 4,884,282

Credit Risk. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carries a rating of AAAM by Standard & Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The Library's investment policy requires diversification of the portfolio but only states that the investments should be distributed as evenly as possible among the various instruments and institutions. The following is the Library's allocation as of December 31, 2021:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
STAR Ohio	100%

Reconciliation of Cash and Investments to the Statement of Net Position The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2021:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 17,661,394
Investments	4,884,282
Cash on hand	990
Total	\$ 22,546,666

Cash and cash equivalents per statement of net position

Governmental activities	\$ 22,546,666
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**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. GRANTS IN AID AND PROPERTY TAXES

Grants in Aid

A significant source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted by the State of Ohio as the funding mechanism for Ohio public libraries in January 2008.

The State allocates PLF to each county monthly 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.

The Stark County Budget Commission allocates these funds to the Library based on formula which incorporates square footage, full-time equivalent employees, circulation, service area population, number of cardholders, door count, website visits, expenditures for library materials and expenditures on technology. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. During 2021, the Library received \$8,411,578 or 41.09% of the Library's annual revenue from this funding source.

Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the taxing district of the Library. Property tax revenue received during 2021 for real property and public utility property taxes represents collections of the 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 which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2021, was \$2.00 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 5,258,303,760
Public Utility Personal Property	682,377,220
Total	<u>\$ 5,940,680,980</u>

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. GRANTS IN AID AND PROPERTY TAXES - (Continued)

Property taxes are reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts.

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

7. DEFINED BENEFIT PENSION PLANS

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. DEFINED BENEFIT PENSION PLANS - (Continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

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.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. DEFINED BENEFIT PENSION PLANS - (Continued)

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	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The Library's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$820,346 for 2021.

8. DEFINED BENEFIT OPEB PLANS

Plan Description - Ohio Public Employees Retirement System (OPERS)

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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. DEFINED BENEFIT OPEB PLANS - (Continued)

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit 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. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. DEFINED BENEFIT OPEB PLANS - (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 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$6,141 for 2021.

9. 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 obtained commercial insurance. Property insurance was for \$44,914,505 with a \$2,500 deductible. Valuable papers and records were for \$18,494,025 with a \$1,000 deductible. General liability for each occurrence is \$1,000,000 with an aggregate of \$2,000,000 limit and excess liability insurance with a \$5,000,000 limit. Automobile liability has a \$1,000,000 combined single limit of liability with a collision deductible of \$1,000 and a comprehensive deductible of \$1,000. Nonprofit Organization Directors and Officers Liability insurance was \$10,000,000 with a \$10,000 deductible.

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers Compensation coverage is provided by the State. 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.

10. LEASES

The Library leases buildings and disbursed \$103,417 to pay lease costs for the year ended December 31, 2021.

The Library leases one of its facilities under a month-month agreement with a required aggregate monthly lease payment of \$1,974. The Library leases another facility under a 5-year operating lease agreement with a monthly payment of \$1,300 per month until July 31, 2025. During the 5 year term the rent will be adjusted to the then current Consumer Price Index for the term of each respective following year to a maximum of \$1,400 per month. The Library also leases another facility under a 5-year operating lease agreement for an annual payment of \$66,000 that was activated for the period September 1, 2018 through August 31, 2023.

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11. FUND BALANCES

Fund balance is classified as 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	Capital Projects	Capital Fund - Capital Campaign	Capital Fund - Main Library	Other Governmental Funds	Total
Restricted for						
Library programs	\$ -	\$ -	\$ -	\$ -	\$ 241,206	\$ 241,206
Library materials	-	-	-	-	33,030	33,030
Debt service	-	-	-	-	103,314	103,314
Capital improvements	-	-	3,770,468	-	2,867	3,773,335
<i>Total Restricted</i>	-	-	3,770,468	-	380,417	4,150,885
Committed to						
Library materials	-	-	-	-	1,954	1,954
Capital improvements	-	-	-	4,000,000	172,217	4,172,217
<i>Total Committed</i>	-	-	-	4,000,000	174,171	4,174,171
Assigned to						
Capital improvements	-	3,393,524	-	-	-	3,393,524
Debt service	-	-	-	-	2,000,000	2,000,000
Encumbrance	1,080,754	-	-	-	-	1,080,754
<i>Total Assigned</i>	1,080,754	3,393,524	-	-	2,000,000	6,474,278
Unassigned						
	7,747,332	-	-	-	-	7,747,332
<i>Total Fund Balances</i>	<u>\$ 8,828,086</u>	<u>\$ 3,393,524</u>	<u>\$ 3,770,468</u>	<u>\$ 4,000,000</u>	<u>\$ 2,554,588</u>	<u>\$ 22,546,666</u>

12. LONG-TERM OBLIGATIONS

During 2021, the following activity occurred in governmental activities long-term obligations:

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Amount Due in One Year
Library Facilities					
Notes - Series 2018	\$ 4,555,000	\$ -	\$ (125,000)	\$ 4,430,000	\$ 130,000
Library Facilities					
Notes - Series 2020	6,500,000	-	(200,000)	\$ 6,300,000	205,000
Total long-term obligations	<u>\$ 11,055,000</u>	<u>\$ -</u>	<u>\$ (325,000)</u>	<u>\$ 10,730,000</u>	<u>\$ 335,000</u>

Library Facilities Notes - Series 2018: On December 13, 2018, the Library issued \$4,800,000 in general obligation notes to provide funding to build a new Jackson Township library branch.

The issue is comprised of general obligation notes, par value \$4,800,000. The interest rate on the notes is 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2043. Principal and interest payments will be paid with public library fund monies out of the Debt Service Fund (Jackson) (a nonmajor governmental fund).

**STARK COUNTY DISTRICT LIBRARY
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

12. LONG-TERM OBLIGATIONS – (Continued)

The following is a summary of the future debt service requirements to maturity for the Library Facilities Notes - Series 2018:

Year Ending December 31,	<u>Library Facilities Notes - Series 2018</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 130,000	\$ 173,550	\$ 303,550
2023	135,000	168,350	303,350
2024	140,000	162,950	302,950
2025	145,000	157,350	302,350
2026	155,000	151,550	306,550
2027 - 2031	855,000	664,150	1,519,150
2032 - 2036	1,035,000	484,850	1,519,850
2037 - 2041	1,260,000	261,750	1,521,750
2042 - 2043	<u>575,000</u>	<u>34,800</u>	<u>609,800</u>
Total	<u>\$ 4,430,000</u>	<u>\$ 2,259,300</u>	<u>\$ 6,689,300</u>

Library Facilities Notes - Series 2020: On December 8, 2020, the Library issued \$6,500,000 in general obligation notes to provide funding for renovations and improvements to Library buildings.

The issue is comprised of general obligation notes, par value \$6,500,000. The interest rate on the notes range from 0.45% to 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2045. Principal and interest payments will be paid with public library fund monies out of the Debt Service Fund (Reimagine) (a nonmajor governmental fund).

Year Ending December 31,	<u>Library Facilities Notes - Series 2020</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 205,000	\$ 138,543	\$ 343,543
2023	205,000	136,493	341,493
2024	210,000	135,570	345,570
2025	210,000	134,541	344,541
2026	210,000	133,281	343,281
2027 - 2031	1,175,000	540,755	1,715,755
2032 - 2036	1,325,000	386,405	1,711,405
2037 - 2041	1,470,000	248,305	1,718,305
2042 - 2045	<u>1,290,000</u>	<u>77,544</u>	<u>1,367,544</u>
Total	<u>\$ 6,300,000</u>	<u>\$ 1,931,437</u>	<u>\$ 8,231,437</u>

13. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

As of December 31, 2021, the Library had the following contractual commitments outstanding:

<u>Contractor Name</u>	<u>Contract Amount</u>	<u>Contract Spent</u>	<u>Remaining Balance</u>
Oliveieri Construction	<u>\$ 2,036,113</u>	<u>\$ (1,916,840)</u>	<u>\$ 119,273</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

14. INTERFUND TRANSACTIONS

Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported in the fund financial statements:

	Transfers to			
<u>Transfers from</u>	<u>Capital Projects</u>	<u>Capital Fund - Main Library</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ 1,500,000	\$ 4,000,000	\$ 2,095,000	\$ 7,595,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the government-wide financial statements.

15. 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.



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

Stark County District Library
Stark County
715 Market Avenue North
Canton, Ohio 44702

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stark County District Library, Stark County, (the Library) as of and for the year ended December 31, 2021, 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 7, 2022, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles and referred to 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 7, 2022

OHIO AUDITOR OF STATE KEITH FABER



STARK COUNTY DISTRICT LIBRARY

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/25/2022

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