



OHIO AUDITOR OF STATE
KEITH FABER



**LOUISVILLE PUBLIC LIBRARY
STARK COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Louisville Public Library
Stark County
700 Lincoln Ave.
Louisville, Ohio 44641

To the Governing Body:

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 Louisville Public Library, Stark County, Ohio (the Library), as of and for the year ended December 31, 2022 and 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, 2022 and 2021, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General fund 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.

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 and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

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 May 2, 2023, 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

May 2, 2023

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Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

This discussion and analysis of the Louisville Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2022, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2022 are as follows:

Net Position of the Library's governmental activities increased \$193,776 or 16% in 2022.

The Library's largest general receipts are the Public Library Fund (PLF) and Property Tax Levy receipts. These receipts represent 62% and 25%, respectively, of the total cash received for governmental activities during 2022. PLF tax receipts increased in 2022 by \$56,252 compared to 2021. Property Tax receipts decreased in 2022 by \$653.

The Library is continuously implementing cost-saving measures. The Library always tries to find the best value when purchasing items without sacrificing quality.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34 and Statement No. 63, as applicable to the Library's cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Library as a whole.

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

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

Basis of Accounting

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

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

Reporting the Library as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2022, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Library at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well as the condition of the Library's capital assets, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major state revenue sources.

In the Statement of Net Position and the Statement of Activities, the Library reports Governmental activities.

Governmental activities - All of the Library's basic services are reported here. These services are funded by the PLF and property tax levy. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

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

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the General Fund, the Maintenance and Repair Fund, and the 21st Century Building Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2022 and 2021 on a cash basis:

(Table 1)

Net Position

| | Governmental Activities | |
|---------------------------|-------------------------|-------------|
| | 2022 | 2021 |
| Assets | | |
| Cash and Cash Equivalents | \$1,373,673 | \$1,179,897 |
| Net Position | | |
| Restricted for: | | |
| Capital Projects | \$935,611 | \$752,033 |
| Other Purposes | 1,000 | 1,440 |
| Unrestricted | 437,062 | 426,424 |
| Total Net Position | \$1,373,673 | \$1,179,897 |

Table 2 reflects the changes in net position on a cash basis in 2022 and 2021 for governmental activities.

(Table 2)

Changes in Net Position

| | Governmental Activities | |
|--|-------------------------|-------------|
| | 2022 | 2021 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$27,661 | \$21,495 |
| Operating Grants and Contributions | 4,359 | 1,775 |
| Capital Grants and Contributions | 49,999 | 0 |
| Total Program Receipts | 82,019 | 23,270 |
| General Receipts: | | |
| Public Library Fund | 744,037 | 687,785 |
| Property & Other Local Taxes | 304,832 | 305,484 |
| Unrestricted Gifts and Contributions | 1,402 | 1,359 |
| Grants and Entitlements Not Restricted to Specific Programs | 46,529 | 47,063 |
| Earnings on Investments | 5,611 | 162 |
| Miscellaneous | 15,003 | 15,880 |
| Total General Receipts | 1,117,414 | 1,057,733 |
| Total Receipts | 1,199,433 | 1,081,003 |
| Disbursements: | | |
| Library Services | 398,172 | 402,973 |
| Support Services | 596,903 | 529,549 |
| Capital Outlay | 10,582 | 72,751 |
| Total Disbursements | 1,005,657 | 1,005,273 |
| Increase (Decrease) in Net Position | 193,776 | 75,730 |
| Net Position, January 1 | 1,179,897 | 1,104,167 |
| Net Position, December 31 | \$1,373,673 | \$1,179,897 |

Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Program receipts represent only 7% of total receipts for the year 2022. Program receipts for the year 2022 are primarily comprised of patron fines and fees and services provided to other entities and contributions.

General receipts represent 93% of the Library's total receipts for the year 2022. PLF receipts make up the majority of the Library's receipts, 62% for the year 2022. Property tax receipts make up 25% for 2022. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for library services represent the cost of running the Library.

Governmental Activities

If you look at the Statement of Activities on page 8 for the year 2022, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing those services. The major program disbursements for governmental activities are for overall Library Services, which account for 40% of all governmental disbursements. The next column of the Statement of Activities entitled Program Receipts identifies amounts paid by people who are directly charged for the service by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided primarily by the State. These net costs are paid from the general receipts which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

| | Total Cost of Services 2022 | Net Cost of Services 2022 | Total Cost of Services 2021 | Net Cost of Services 2021 |
|--------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Library Services | \$398,172 | \$316,153 | \$402,973 | \$379,703 |
| Support Services | 596,903 | 596,903 | 529,549 | 529,549 |
| Capital Outlay | 10,582 | 10,582 | 72,751 | 72,751 |
| Total Expenses | <u>\$1,005,657</u> | <u>\$923,638</u> | <u>\$1,005,273</u> | <u>\$982,003</u> |

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Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The Library's Funds

For the year 2022, total governmental funds had receipts, excluding other financing sources, of \$1,199,433 and disbursements, excluding other financing uses, of \$1,005,657.

General Fund receipts were more than disbursements by \$141,198 for 2022.

General Fund Budgeting Highlights

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

Final disbursements for 2022 were budgeted at \$1,290,207 while actual disbursements were \$1,161,612.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited funding.

The Library relies heavily on the PLF and has very little control over it. From the PLF, the Library received \$617,563 in 2020, \$687,785 in 2021 and \$744,037 in 2022. The Library is to receive an estimated \$771,245 in 2023. The PLF estimate provided by the State for 2023 shows an increase of \$27,208 in revenue from PLF receipts. The Library operating tax levy was renewed in March 2020. The tax collection years for this renewal are 2021-2025. The finance committee and the administration have budgeted for the increase in PLF and small increase in Property Tax receipts for 2023. The Library is continuing to watch its budget very closely again in 2023 with the prospect of a new library building in the near future.

The Library continues to explore new technology solutions for staff and patrons and improve telecommunications. The Library strives to better serve the public by being fiscally responsible with the available funds they have.

Contacting the Library's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Migdalia Soza, Fiscal Officer, Louisville Public Library, 700 Lincoln Ave., Louisville, Ohio 44641.

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Louisville Public Library
Statement of Net Position - Cash Basis
December 31, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$1,373,673</u> |
| <i>Total Assets</i> | <u><u>\$1,373,673</u></u> |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$935,611 |
| Other Purposes | 1,000 |
| Unrestricted | <u>437,062</u> |
| <i>Total Net Position</i> | <u><u>\$1,373,673</u></u> |

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

| | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position |
|---|-----------------------|--------------------------------------|--|--|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| Current: | | | | | |
| Library Services | \$398,172 | \$27,661 | \$4,359 | \$49,999 | (\$316,153) |
| Support Services | 596,903 | 0 | 0 | 0 | (596,903) |
| Capital Outlay | 10,582 | 0 | 0 | 0 | (10,582) |
| <i>Total Governmental Activities</i> | <u>\$1,005,657</u> | <u>\$27,661</u> | <u>\$4,359</u> | <u>\$49,999</u> | <u>(923,638)</u> |
| General Receipts: | | | | | |
| Property Taxes Levied for General Purposes | | | | | 304,826 |
| Other Local Taxes | | | | | 6 |
| Unrestricted Gifts and Contributions | | | | | 1,402 |
| Grants/Entitlements not Restricted to Specific Programs | | | | | 790,566 |
| Earnings on Investments | | | | | 5,611 |
| Miscellaneous | | | | | <u>15,003</u> |
| <i>Total General Receipts</i> | | | | | <u>1,117,414</u> |
| Change in Net Position | | | | | 193,776 |
| <i>Net Position Beginning of Year</i> | | | | | <u>1,179,897</u> |
| <i>Net Position End of Year</i> | | | | | <u><u>\$1,373,673</u></u> |

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2022

| | <u>General Fund</u> | <u>Major Maintenance & Repair Fund</u> | <u>Major 21st Century Building Fund</u> | <u>Total Governmental Funds</u> |
|--|---------------------|--|---|---|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$438,062 | \$254,032 | \$681,579 | \$1,373,673 |
| <i>Total Assets</i> | <u>\$438,062</u> | <u>\$254,032</u> | <u>\$681,579</u> | <u>\$1,373,673</u> |
| Fund Balances | | | | |
| Nonspendable | \$0 | \$0 | \$0 | \$0 |
| Restricted | 2,200 | 0 | 61,868 | 64,068 |
| Committed | 0 | 254,032 | 619,711 | 873,743 |
| Assigned | 271,672 | 0 | 0 | 271,672 |
| Unassigned (Deficit) | 164,190 | 0 | 0 | 164,190 |
| <i>Total Fund Balances</i> | <u>\$438,062</u> | <u>\$254,032</u> | <u>\$681,579</u> | <u>\$1,373,673</u> |

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

| | General Fund | Major Maintenance & Repair Fund | Major 21st Century Building Fund | Total Governmental Funds |
|--|-------------------------|---------------------------------------|--|--------------------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$304,826 | \$0 | \$0 | \$304,826 |
| Public Library | 744,037 | 0 | 0 | 744,037 |
| Intergovernmental | 46,529 | 0 | 0 | 46,529 |
| Patron Fines and Fees | 6,716 | 0 | 0 | 6,716 |
| Services Provided to Other Entities | 20,846 | 0 | 0 | 20,846 |
| Contributions, Gifts and Donations | 7,073 | 0 | 49,999 | 57,072 |
| Earnings on Investments | 3,032 | 635 | 1,944 | 5,611 |
| Miscellaneous | 13,796 | 0 | 0 | 13,796 |
| <i>Total Receipts</i> | <u>1,146,855</u> | <u>635</u> | <u>51,943</u> | <u>1,199,433</u> |
| Disbursements | | | | |
| Current: | | | | |
| Library Services | 398,172 | 0 | 0 | 398,172 |
| Support Services | 596,903 | 0 | 0 | 596,903 |
| Capital Outlay | 10,582 | 0 | 0 | 10,582 |
| <i>Total Disbursements</i> | <u>1,005,657</u> | <u>0</u> | <u>0</u> | <u>1,005,657</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>141,198</u> | <u>635</u> | <u>51,943</u> | <u>193,776</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 0 | 31,000 | 100,000 | 131,000 |
| Transfers Out | (131,000) | 0 | 0 | (131,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(131,000)</u> | <u>31,000</u> | <u>100,000</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 10,198 | 31,635 | 151,943 | 193,776 |
| <i>Fund Balances Beginning of Year</i> | <u>427,864</u> | <u>222,397</u> | <u>529,636</u> | <u>1,179,897</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$438,062</u></u> | <u><u>\$254,032</u></u> | <u><u>\$681,579</u></u> | <u><u>\$1,373,673</u></u> |

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$304,699 | \$304,698 | \$304,826 | \$128 |
| Public Library | 653,633 | 653,631 | 744,037 | 90,406 |
| Intergovernmental | 50,552 | 50,552 | 46,529 | (4,023) |
| Patron Fines and Fees | 4,075 | 4,075 | 6,716 | 2,641 |
| Services Provided to Other Entities | 15,400 | 15,400 | 20,846 | 5,446 |
| Contributions, Gifts and Donations | 1,250 | 1,250 | 7,073 | 5,823 |
| Earnings on Investments | 100 | 100 | 3,032 | 2,932 |
| Miscellaneous | 14,056 | 14,056 | 13,796 | (260) |
| <i>Total Receipts</i> | <u>1,043,765</u> | <u>1,043,762</u> | <u>1,146,855</u> | <u>103,093</u> |
| Disbursements | | | | |
| Current: | | | | |
| Library Services | 458,669 | 477,426 | 403,379 | 74,047 |
| Support Services | 655,316 | 658,269 | 614,868 | 43,401 |
| Capital Outlay | 15,225 | 15,737 | 12,365 | 3,372 |
| | | | | 0 |
| <i>Total Disbursements</i> | <u>1,129,210</u> | <u>1,151,432</u> | <u>1,030,612</u> | <u>120,820</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(85,445)</u> | <u>(107,670)</u> | <u>116,243</u> | <u>223,913</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (131,000) | (131,000) | (131,000) | 0 |
| Other Financing Uses | (30,000) | (7,775) | 0 | 7,775 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(161,000)</u> | <u>(138,775)</u> | <u>(131,000)</u> | <u>7,775</u> |
| <i>Net Change in Fund Balance</i> | (246,445) | (246,445) | (14,757) | 231,688 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 404,218 | 404,218 | 404,218 | 0 |
| Prior Year Encumbrances Appropriated | 23,646 | 23,646 | 23,646 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$181,419</u> | <u>\$181,419</u> | <u>\$413,107</u> | <u>\$231,688</u> |

See accompanying notes to the basic financial statements

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**Louisville Public Library
Stark County**

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

Note 1 – Description of the Library and Reporting Entity

The Louisville Public Library (the Library) was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own seven member Board of Trustees who are appointed by the Louisville City School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Louisville City School District.

The Library participates in one public entity risk pool, the Stark County Schools Council of Government (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of 174 entities, most of which are school districts. The Library provides health insurance coverage through the Council. The Council also provides a Workers' Compensation group rating plan which is an insurance purchasing pool, but the Library does not participate in this program. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. This organization is further described in Note 7 of the Notes to the Basic Financial Statements.

The Friends of the Louisville Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library’s accounting policies.

A. Basis of Presentation

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

B. Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Library as a whole. These statements include the financial activities of the primary government, all of which are governmental activities. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The Statement of Net Position presents the cash and investment balances of the Library at year-end. The Statement of Activities compares disbursements with program receipts for each of the Library’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program.

General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library’s general receipts.

C. Fund Financial Statements

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

D. 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.

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

E. Governmental Funds

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

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

Maintenance & Repair Fund - The Maintenance and Repair Fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements and major repairs and maintenance.

21st Century Building Fund - The 21st Century Building Fund accounts for and reports resources committed by the Board of Library Trustees specifically to build a new library and/or renovate the existing Discovery Center with the intent of building on in phases as monies are available. Donations for this purpose are also accepted into this Fund.

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

F. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

G. Budgetary Process

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

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

H. Cash and Cash Equivalents

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

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

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 2022, investments were limited to nonnegotiable certificates of deposit. Investments are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the following funds for 2022 were:

Maintenance & Repair Fund amounted to \$635
21st Century Building Fund amounted to \$1,944
General Fund amounted to \$3,032

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

J. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

K. 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.

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

L. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

M. Accumulated Leave

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

N. Employer Contributions to Cost-Sharing Pension Plans

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

O. Long Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

P. Leases

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance. Lease receivables/payables are not reflected under the Library's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

Q. Net Position

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

R. 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.

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

S. Internal Activity

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

**Louisville Public Library
Stark County**

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

Note 3 – Budgetary Basis of Accounting

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

1. Outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$24,955 in 2022 for the General Fund.

Note 4 – Deposits and Investments

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

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

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

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

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

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**Louisville Public Library
Stark County**

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

Note 4 – Deposits and Investments (continued)

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. 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 December 31, 2022, the Library had \$150 in un-deposited cash on hand which is included as part of *Equity in Pooled Cash and Cash Equivalents* on the financial statements.

Deposits

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

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

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

**Louisville Public Library
Stark County**

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

Note 4 – Deposits and Investments (continued)

Investments

As of December 31, 2022, the Library had no investments other than nonnegotiable certificates of deposit.

Note 5 – Grants-in-Aid and Property Taxes

A. Grants in Aid

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

The Stark County Budget Commission allocates these funds to the Library based on a formula which incorporates square footage, full-time equivalent employees, expenditures for library materials and technology, total service area population and number of cardholders, door count and website visits, and circulation.

In May 2020, the Library Board of Trustees approved accepting a fixed rate determined by the Stark County Auditor based on the average of the 2020 distribution rate and the average of the past five years. This fixed rate will be the same for distribution years 2021-2025. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. During 2022, the Library received \$744,037 or 62% of the Library's annual operating revenue from this funding source.

B. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

**Louisville Public Library
Stark County**

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

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

The full tax rate for all Library operations for the year ended December 31, 2022, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

| | |
|----------------------------------|----------------------|
| Real Property | \$449,827,230 |
| Public Utility Personal Property | <u>29,471,120</u> |
| Total | <u>\$479,298,350</u> |

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

Note 6 – Interfund Balances and Transfers

Transfers

During 2022, the Board of Trustees approved by resolution the following:

- Transfer from the General Fund to the 21st Century Building Fund in the amount of \$100,000.
- Transfer from the General Fund to the Maintenance and Repair Fund in the amount of \$31,000.

Note 7 - Risk Management

Ohio Plan Risk Management - Risk Pool Membership

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

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

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

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

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

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

**Louisville Public Library
Stark County**

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

Note 7 - Risk Management (continued)

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 2022, the Library contracted with Whitaker Myers Insurance (Ohio Plan) for various types of insurance coverage as follows:

| <u>Type of Coverage</u> | <u>Coverage</u> |
|--|---------------------|
| Building & Personal Property | \$3,436,902 |
| Equipment Breakdown | 5,405,200 |
| General Liability (Occurrence/Aggregate) | 1,000,000/3,000,000 |
| Crime Coverage | 50,000 |
| Inland Marine | 30,000 |
| Computer Coverage – Equipment/Media and Data | 85,422/11,390 |
| Automobile Liability | 1,000,000 |
| Public Officials E&O (Occurrence/Aggregate) | 1,000,000/3,000,000 |
| Library Materials | 1,822,725 |
| Employee Benefits (Occurrence/Aggregate) | 1,000,000/3,000,000 |
| Employers' Liability (Occurrence/Aggregate) | 1,000,000/1,000,000 |
| Cyber Data Breach | 500,000 |

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

The Library participates in the Sheakley/Better Business Bureau of Central Ohio Inc. Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sheakley provides administrative, cost control and actuarial services to the GRP.

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of 174 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$885.72 for single coverage per employee per month for full time employees if elected. Of this amount, the employee contributes 15% or \$132.86. Family coverage is available but the employee contributes 100% of the difference between single and family coverage. The Library offers dental and vision coverage to the full-time employees also but the employee contributes 100% of the premium. Financial information and statements can be obtained from the Stark County Schools Council of Governments, 6057 Strip Ave. NW, North Canton, OH 44720.

**Louisville Public Library
Stark County**

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

Note 8 - Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Ohio Public Employees Retirements System (OPERS)

Plan Description - Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. 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 OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

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

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

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

**Louisville Public Library
Stark County**

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

Note 8 - Defined Benefit Pension Plan (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

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

to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

**Louisville Public Library
Stark County**

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

Note 8 - Defined Benefit Pension Plan (continued)

| | 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 % |

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, the Library's contractually required contribution was \$76,910 for the traditional and combined plans and \$2,776 for the member-directed plan. The full amount has been contributed for 2022.

Note 9 - Postemployment Benefits

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.

**Louisville Public Library
Stark County**

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

Note 9 - Postemployment Benefits (continued)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) 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.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enroll in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75% of the base allowance.

The healthcare 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 discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet healthcare 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 20 or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became 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. Please 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.

**Louisville Public Library
Stark County**

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

Note 9 - Postemployment Benefits (continued)

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 2022, state and local employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund healthcare plans. For 2022, OPERS did not allocate any employer contributions 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 2022 was 4%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$111 for the year 2022.

Note 10 – Leases

In 2022, the Library had an ongoing lease agreement with the Auditor of State's Office for the Uniform Accounting Network (UAN) software and computer hardware. UAN fees are calculated using the Library's total resources (unencumbered beginning of the year cash balances plus all receipts and other financing sources except inter-fund advances, transfers, and the proceeds from the sale of bonds, notes and other debt). In 2022, the Library paid UAN fees of \$3,048.

In 2022, the Library had an ongoing lease agreement with Wells Fargo Financial Leasing for the Xerox WorkCentre7845 copier. It is a 60-month lease which was effective November 2018. In 2022, the Library paid \$5,288 for this lease.

In 2022, the Library had an ongoing 60-month (2021-2026) lease agreement with Pitney Bowes for a SendPro Mailstation. The Library paid \$251 for the lease in 2022.

Note 11 – Contingent Liabilities

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

**Louisville Public Library
Stark County**

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

Note 12 – Fund Balances

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

| 2022 | | | | |
|----------------------------------|-----------|---------------------------|-------------------------------|-------------|
| Fund Balances | General | Maintenance and Repair | 21st Century Building Fund | Total |
| Restricted for | | | | |
| Rotary Grant | \$1,000 | | | \$1,000 |
| In memory of J. Zwick | 1,200 | | | 1,200 |
| Donations for New Library | | | \$ 61,868 | 61,868 |
| | | | | 0 |
| <i>Total Restricted</i> | 2,200 | \$ - | 61,868 | 64,068 |
| Committed to | | | | |
| General Fund | | | | 0 |
| Maintenance and Repair Fund | | 254,032 | | 254,032 |
| 21st Century Building Fund | | | 619,711 | 619,711 |
| <i>Total Committed</i> | 0 | 254,032 | 619,711 | 873,743 |
| Assigned to | | | | |
| Purchase Orders Carried Over | 12,617 | | | 12,617 |
| Unpaid Withholdings Carried Over | 12,352 | | | 12,352 |
| Carryover for 2023 Budget | 246,703 | | | 246,703 |
| <i>Total Assigned</i> | 271,672 | 0 | 0 | 271,672 |
| Unassigned (Deficit) | 164,190 | | | 164,190 |
| <i>Total Fund Balances</i> | \$438,062 | \$254,032 | \$681,579 | \$1,373,673 |

Note 13 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID 19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Library received credits on its T-Mobile account for Wi-Fi hotspots as part of the Emergency Connectivity Fund (ECF). The credits were for invoices paid to T-Mobile for the period July 1, 2021 through June 30, 2022.

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Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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

Highlights

Key highlights for 2021 are as follows:

Net Position of the Library's governmental activities increased \$75,730 or 7% in 2021.

The Library's largest general receipts are the Public Library Fund (PLF) and Property Tax Levy receipts. These receipts represent 64% and 28%, respectively, of the total cash received for governmental activities during 2021. PLF tax receipts increased in 2021 by \$70,222 compared to 2020. Property Tax receipts increased in 2021 by \$2,986.

The Library is continuously implementing cost-saving measures. The Library always tries to find the best value when purchasing items without sacrificing quality.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34 and Statement No. 63, as applicable to the Library's cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Library as a whole.

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

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

Basis of Accounting

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

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

Reporting the Library as a Whole

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

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well as the condition of the Library's capital assets, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major state revenue sources.

In the Statement of Net Position and the Statement of Activities, the Library reports Governmental activities.

Governmental activities - All of the Library's basic services are reported here. These services are funded by the PLF and property tax levy. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

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

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds are the General Fund, the Maintenance and Repair Fund, and the 21st Century Building Fund. The Other Governmental Funds column represents two Special Revenue Funds created in 2020 that are minor. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The Library as a Whole

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

(Table 1)
Net Position

| | Governmental Activities | |
|---------------------------|-------------------------|-------------|
| | 2021 | 2020 |
| Assets | | |
| Cash and Cash Equivalents | \$1,179,897 | \$1,104,167 |
| Net Position | | |
| Restricted for: | | |
| Capital Projects | \$752,033 | \$712,235 |
| Other Purposes | 1,440 | 21,961 |
| Unrestricted | 426,424 | 369,971 |
| Total Net Position | \$1,179,897 | \$1,104,167 |

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

(Table 2)
Changes in Net Position

| | Governmental Activities | |
|---|-------------------------|-------------|
| | 2021 | 2020 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$21,495 | \$16,272 |
| Operating Grants and Contributions | 1,775 | 5,079 |
| Total Program Receipts | \$23,270 | \$21,351 |
| General Receipts: | | |
| Public Library Fund | 687,785 | 617,563 |
| Property & Other Local Taxes | 305,484 | 302,497 |
| Unrestricted Gifts and Contributions | 1,359 | 607 |
| Grants and Entitlements Not Restricted to Specific Programs | 47,063 | 80,596 |
| Earnings on Investments | 162 | 5,313 |
| Miscellaneous | 15,880 | 19,848 |
| Total General Receipts | 1,057,733 | 1,026,424 |
| Total Receipts | 1,081,003 | 1,047,775 |
| Disbursements: | | |
| Library Services | 402,973 | 355,858 |
| Support Services | 529,549 | 514,345 |
| Capital Outlay | 72,751 | 31,503 |
| Total Disbursements | 1,005,273 | 901,706 |
| Increase (Decrease) in Net Position | 75,730 | 146,069 |
| Net Position, January 1 | 1,104,167 | 958,098 |
| Net Position, December 31 | \$1,179,897 | \$1,104,167 |

Louisville Public Library
 Management's Discussion and Analysis
 For the Year Ended December 31, 2021
 Unaudited

Program receipts represent only 2% of total receipts for the year 2021. Program receipts for the year 2021 are primarily comprised of patron fines and fees and services provided to other entities and contributions.

General receipts represent 98% of the Library's total receipts for the year 2021. PLF receipts make up the majority of the Library's receipts, 64% for the year 2021. Property tax receipts make up 28% for 2021. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for library services represent the cost of running the Library.

Governmental Activities

If you look at the Statement of Activities on page 8 for the year 2021, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for overall Library Services, which account for 40% of all governmental disbursements. The next column of the Statement of Activities entitled Program Receipts identify amounts paid by people who are directly charged for the service by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided primarily by the State. These net costs are paid from the general receipts which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

| | Total Cost of Services 2021 | Net Cost of Services 2021 | Total Cost of Services 2020 | Net Cost of Services 2020 |
|-----------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Library Services | \$402,973 | \$379,703 | \$355,858 | \$334,507 |
| Support Services | 529,549 | 529,549 | 514,345 | 514,345 |
| Capital Outlay | 72,751 | 72,751 | 31,503 | 31,503 |
| Total Expenses | \$1,005,273 | \$982,003 | \$901,706 | \$880,355 |

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Louisville Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The Library's Funds

For the year 2021, total governmental funds had receipts, excluding other financing sources, of \$1,081,003 and disbursements, excluding other financing uses, of \$1,005,273.

General Fund receipts were more than disbursements by \$138,806 for 2021.

General Fund Budgeting Highlights

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

Final disbursements for 2021 were budgeted at \$1,198,280 while actual disbursements were \$1,065,726.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited funding.

The Library relies heavily on the PLF and has very little control over it. From the PLF, the Library received \$603,975 in 2019, \$617,563 in 2020 and \$687,785 in 2021. The Library is to receive an estimated \$653,632 in 2022. The PLF estimate shows a decrease of \$34,153 in revenue from PLF receipts. The Library's operating tax levy was renewed in March 2020. The tax collection years for this renewal are 2021-2025. The finance committee and the administration have budgeted for the decrease in PLF and small increase of \$7,615 in Property Tax receipts for 2022. The pandemic hit the Library in 2020 and 2021. The Library adjusted its budget accordingly. The Library is watching its budget very closely and cautiously in 2022 with the pandemic still continuing.

The Library continues to explore new technology solutions for staff and patrons and improve telecommunications. The Library strives to better serve the public by being fiscally responsible with the available funds they have.

Contacting the Library's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Migdalia Soza, Fiscal Officer, Louisville Public Library, 700 Lincoln Ave., Louisville, Ohio 44641.

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Louisville Public Library
Statement of Net Position - Cash Basis
December 31, 2021

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$1,179,897</u> |
| <i>Total Assets</i> | <u><u>\$1,179,897</u></u> |
| | |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$752,033 |
| Other Purposes | 1,440 |
| Unrestricted | <u>426,424</u> |
| <i>Total Net Position</i> | <u><u>\$1,179,897</u></u> |

See accompanying notes to the basic financial statements

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

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position |
|---|-----------------------|--------------------------------------|--|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| Current: | | | | |
| Library Services | \$402,973 | \$21,495 | \$1,775 | (\$379,703) |
| Support Services | 529,549 | 0 | 0 | (529,549) |
| Capital Outlay | 72,751 | 0 | 0 | (72,751) |
| <i>Total Governmental Activities</i> | <u>\$1,005,273</u> | <u>\$21,495</u> | <u>\$1,775</u> | <u>(982,003)</u> |
| General Receipts: | | | | |
| Property Taxes Levied for General Purposes | | | | 305,479 |
| Other Local Taxes | | | | 5 |
| Unrestricted Gifts and Contributions | | | | 1,359 |
| Grants/Entitlements not Restricted to Specific Programs | | | | 734,848 |
| Earnings on Investments | | | | 162 |
| Miscellaneous | | | | 15,880 |
| <i>Total General Receipts</i> | | | | <u>1,057,733</u> |
| Change in Net Position | | | | 75,730 |
| <i>Net Position Beginning of Year</i> | | | | <u>1,104,167</u> |
| <i>Net Position End of Year</i> | | | | <u><u>\$1,179,897</u></u> |

See accompanying notes to the basic financial statements

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

| | <u>General Fund</u> | <u>Major Maintenance & Repair Fund</u> | <u>Major 21st Century Building Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|--|---|---|---|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$427,864 | \$222,397 | \$529,636 | \$0 | \$1,179,897 |
| <i>Total Assets</i> | <u>\$427,864</u> | <u>\$222,397</u> | <u>\$529,636</u> | <u>\$0</u> | <u>\$1,179,897</u> |
| Fund Balances | | | | | |
| Nonspendable | \$0 | \$0 | \$0 | \$0 | \$0 |
| Restricted | 1,440 | 0 | 11,868 | 0 | 13,308 |
| Committed | 0 | 222,397 | 517,768 | 0 | 740,165 |
| Assigned | 200,603 | 0 | 0 | 0 | 200,603 |
| Unassigned (Deficit) | 225,821 | 0 | 0 | 0 | 225,821 |
| <i>Total Fund Balances</i> | <u>\$427,864</u> | <u>\$222,397</u> | <u>\$529,636</u> | <u>\$0</u> | <u>\$1,179,897</u> |

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

| | General Fund | Major Maintenance & Repair Fund | Major 21st Century Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|------------------|---------------------------------------|--|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Property and Other Local Taxes | \$305,479 | \$0 | \$0 | \$0 | \$305,479 |
| Public Library | 687,785 | 0 | 0 | 0 | 687,785 |
| Intergovernmental | 47,063 | 0 | 0 | 0 | 47,063 |
| Patron Fines and Fees | 4,681 | 0 | 0 | 0 | 4,681 |
| Services Provided to Other Entities | 16,732 | 0 | 0 | 0 | 16,732 |
| Contributions, Gifts and Donations | 3,134 | 0 | 0 | 0 | 3,134 |
| Earnings on Investments | 45 | 29 | 88 | 0 | 162 |
| Miscellaneous | 15,967 | 0 | 0 | 0 | 15,967 |
| <i>Total Receipts</i> | <u>1,080,886</u> | <u>29</u> | <u>88</u> | <u>0</u> | <u>1,081,003</u> |
| Disbursements | | | | | |
| Current: | | | | | |
| Library Services | 400,782 | 0 | 0 | 2,191 | 402,973 |
| Support Services | 529,549 | 0 | 0 | 0 | 529,549 |
| Capital Outlay | 11,749 | 60,319 | 0 | 683 | 72,751 |
| <i>Total Disbursements</i> | <u>942,080</u> | <u>60,319</u> | <u>0</u> | <u>2,874</u> | <u>1,005,273</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>138,806</u> | <u>(60,290)</u> | <u>88</u> | <u>(2,874)</u> | <u>75,730</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 0 | 50,000 | 50,000 | 0 | 100,000 |
| Transfers Out | (100,000) | 0 | 0 | 0 | (100,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(100,000)</u> | <u>50,000</u> | <u>50,000</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 38,806 | (10,290) | 50,088 | (2,874) | 75,730 |
| <i>Fund Balances Beginning of Year</i> | <u>389,058</u> | <u>232,687</u> | <u>479,548</u> | <u>2,874</u> | <u>1,104,167</u> |
| <i>Fund Balances End of Year</i> | <u>\$427,864</u> | <u>\$222,397</u> | <u>\$529,636</u> | <u>\$0</u> | <u>\$1,179,897</u> |

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$307,056 | \$307,057 | \$305,479 | (\$1,578) |
| Public Library | 544,762 | 670,098 | 687,785 | 17,687 |
| Intergovernmental | 45,386 | 45,386 | 47,063 | 1,677 |
| Patron Fines and Fees | 6,800 | 6,800 | 4,681 | (2,119) |
| Services Provided to Other Entities | 14,600 | 14,600 | 16,732 | 2,132 |
| Contributions, Gifts and Donations | 1,200 | 1,200 | 3,134 | 1,934 |
| Earnings on Investments | 500 | 500 | 45 | (455) |
| Miscellaneous | 16,385 | 16,385 | 15,967 | (418) |
| <i>Total Receipts</i> | <u>936,689</u> | <u>1,062,026</u> | <u>1,080,886</u> | <u>18,860</u> |
| Disbursements | | | | |
| Current: | | | | |
| Library Services | 395,544 | 451,648 | 405,168 | 46,480 |
| Support Services | 612,305 | 625,016 | 548,809 | 76,207 |
| Capital Outlay | 10,430 | 12,931 | 11,749 | 1,182 |
| <i>Total Disbursements</i> | <u>1,018,279</u> | <u>1,089,595</u> | <u>965,726</u> | <u>123,869</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(81,590)</u> | <u>(27,569)</u> | <u>115,160</u> | <u>142,729</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (100,000) | (100,000) | (100,000) | 0 |
| Other Financing Uses | (30,000) | (8,685) | 0 | 8,685 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(130,000)</u> | <u>(108,685)</u> | <u>(100,000)</u> | <u>8,685</u> |
| <i>Net Change in Fund Balance</i> | (211,590) | (136,254) | 15,160 | 151,414 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 377,047 | 377,047 | 377,047 | 0 |
| Prior Year Encumbrances Appropriated | 12,011 | 12,011 | 12,011 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$177,468</u> | <u>\$252,804</u> | <u>\$404,218</u> | <u>\$151,414</u> |

See accompanying notes to the basic financial statements

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**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Louisville Public Library (the Library) was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own seven member Board of Trustees who are appointed by the Louisville City School District Board of Education, as established by section 3375.15 of the Ohio Revised Code. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.41 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Louisville City School District.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Library does not report assets for equity interest in joint ventures. The Library entered into a joint venture with Rodman Public Library. This organization is further discussed in Note 12.

The Library participates in one public entity risk pool, the Stark County Schools Council of Government (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of 154 entities, most of which are school districts. The Library provides health insurance coverage through the Council. The Council also provides a Workers' Compensation group rating plan which is an insurance purchasing pool, but the Library does not participate in this program. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. This organization is further described in Note 7 of the Notes to the Basic Financial Statements.

The Friends of the Louisville Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

A. Basis of Presentation

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

B. Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Library as a whole. These statements include the financial activities of the primary government, all of which are governmental activities. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The Statement of Net Position presents the cash and investment balances of the Library at year-end. The Statement of Activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program.

General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

C. Fund Financial Statements

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

D. 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.

E. Governmental Funds

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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

Maintenance & Repair Fund - The Maintenance and Repair Fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements and major repairs and maintenance.

21st Century Building Fund - The 21st Century Building Fund accounts for and reports resources committed by the Board of Library Trustees specifically to build a new library and/or renovate the existing Discovery Center with the intent of building on in phases as monies are available. Donations for this purpose are also accepted into this Fund.

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

F. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

G. Budgetary Process

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

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

H. Cash and Cash Equivalents

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

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

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 2021, investments were limited to nonnegotiable certificates of deposit. Investments are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the following funds for 2021 were:

Maintenance & Repair Fund amounted to \$29
21st Century Building Fund amounted to \$88
General Fund amounted to \$45

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

J. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

K. 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.

L. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

M. Accumulated Leave

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

N. Employer Contributions to Cost-Sharing Pension Plans

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

O. Long Term Obligations

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

P. Net Position

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

Q. 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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (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.

R. Internal Activity

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Note 3 – Budgetary Basis of Accounting

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

1. Outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$23,646 in 2021 for the General Fund.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments

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

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

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

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

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

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. 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 December 31, 2021, the Library had \$150 in un-deposited cash on hand which is included as part of *Equity in Pooled Cash and Cash Equivalents* on the financial statements.

Deposits

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

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

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

Investments

As of December 31, 2021, the Library had no investments other than nonnegotiable certificates of deposit.

Note 5 – Grants-in-Aid and Property Taxes

A. Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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 a formula which incorporates square footage, full-time equivalent employees, expenditures for library materials and technology, total service area population and number of cardholders, door count and website visits, and circulation.

In May 2020, the Library Board of Trustees approved accepting a fixed rate determined by the Stark County Auditor based on the average of the 2020 distribution rate and the average of the past five years. This fixed rate will be the same for distribution years 2021-2025. 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 \$687,785 or 64%, of the Library's annual operating revenue from this funding source.

B. Property Taxes

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 1; 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 \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

| | |
|----------------------------------|----------------------|
| Real Property | \$400,863,700 |
| Public Utility Personal Property | <u>29,803,990</u> |
| Total | <u>\$430,667,690</u> |

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 6 – Interfund Balances and Transfers

Transfers

During 2021, the Board of Trustees approved by resolution a transfer from the General Fund to the 21st Century Building Fund and the Maintenance and Repair Fund \$50,000 each.

Note 7 - Risk Management

Ohio Plan Risk Management - Risk Pool Membership

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

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021:

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

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

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the Library contracted with Whitaker Myers Insurance (Ohio Plan) for various types of insurance coverage as follows:

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 - Risk Management (continued)

| <u>Type of Coverage</u> | <u>Coverage</u> |
|--|---------------------|
| Building & Personal Property | \$3,094,758 |
| Equipment Breakdown | 4,939,297 |
| General Liability (Occurrence/Aggregate) | 1,000,000/3,000,000 |
| Crime Coverage | 50,000 |
| Inland Marine | 30,000 |
| Computer Coverage – Equipment/Media and Data | 81,354/10,848 |
| Automobile Liability | 1,000,000 |
| Public Officials E&O (Occurrence/Aggregate) | 1,000,000/3,000,000 |
| Library Materials | 1,705,038 |
| Employee Benefits (Occurrence/Aggregate) | 1,000,000/3,000,000 |
| Employers' Liability (Occurrence/Aggregate) | 1,000,000/1,000,000 |
| Cyber Data Breach | 500,000 |

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

The Library participates in the Sheakley/Better Business Bureau of Central Ohio Inc. Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Sheakley provides administrative, cost control and actuarial services to the GRP.

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of 154 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$826.13 for single coverage per employee per month for full time employees if elected. Of this amount, the employee contributes 15% or \$123.92. Family coverage is available but the employee contributes 100% of the difference between single and family coverage. The Library offers dental and vision coverage to the full-time employees also but the employee contributes 100% of the premium. Financial information and statements can be obtained from the Stark County Schools Council of Governments, 6057 Strip Ave. NW, North Canton, OH 44720.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 - Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Ohio Public Employees Retirement System (OPERS)

Plan Description - Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. 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 OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

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

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

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 - Defined Benefit Pension Plan (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

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

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

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

| | 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 % |

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the Library's contractually required contributions was \$69,326 for the traditional and combined plans and \$1,708 for the member-directed plan. The full amount has been contributed for 2021.

Note 9 - Postemployment Benefits

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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Postemployment Benefits (Continued)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) 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.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The healthcare 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 healthcare 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 20 or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. 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 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 CAFR 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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Postemployment Benefits (Continued)

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% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund healthcare plans. For 2021, OPERS did not allocate any employer contributions 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%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$43 for the year 2021.

Note 10 – Leases

In 2021, the Library had an ongoing lease agreement with the Auditor of State's Office for the Uniform Accounting Network (UAN) software and computer hardware. UAN fees are calculated using the Library's total resources (unencumbered beginning of the year cash balances plus all receipts and other financing sources except inter-fund advances, transfers, and the proceeds from the sale of bonds, notes and other debt). In 2021, the Library paid UAN fees of \$3,048.

In 2021, the Library had an ongoing lease agreement with Wells Fargo Financial Leasing for the Xerox WorkCentre7845 copier. It is a 60-month lease which was effective November 2018. In 2021, the Library paid \$5,040 for this lease.

In 2021, the Library had an ongoing lease agreement with Pitney Bowes Global Financial for a DM125 Desktop Digital Mailing System. It was a 60-month lease effective in 2016 and expired in 2021. The Library entered into a new 60-month lease agreement in 2021 with Pitney Bowes for a SendPro Mailstation. In 2021, the Library paid \$550 total for both leases.

Note 11 – Contingent Liabilities

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 – Joint Ventures

The Library entered into a contract with Rodman Public Library in November 2020 for a new circulation/cataloging system called Serving Every Ohioan (SEO). The system hardware and software were titled to Rodman Public Library. The cost of this system was divided based on 2/3 paid by Rodman Public Library and 1/3 paid by the Louisville Public Library. The migration cost for this was paid in January 2021 by the Library. This being said, the joint venture for 2021 is no longer in place between Rodman Library and Louisville Public Library. Both libraries are a part of SEO now.

Note 13 – Fund Balances

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

2021

| Fund Balances | General | Maintenance and Repair Fund | 21st Century Building Fund | Total |
|----------------------------------|-----------|--------------------------------|-------------------------------|-------------|
| Restricted for | | | | |
| Rotary Grant | \$1,000 | | | \$1,000 |
| Friends of Library Donation | 440 | | | 440 |
| Donations for New Library | | | \$ 11,868 | 11,868 |
| | | | | 0 |
| <i>Total Restricted</i> | 1,440 | \$ - | 11,868 | 13,308 |
| Committed to | | | | |
| General Fund | | | | 0 |
| Maintenance and Repair Fund | | 222,397 | | 222,397 |
| 21st Century Building Fund | | | 517,768 | 517,768 |
| <i>Total Committed</i> | 0 | 222,397 | 517,768 | 740,165 |
| Assigned to | | | | |
| Purchase Orders Carried Over | 12,950 | | | 12,950 |
| Unpaid Withholdings Carried Over | 10,696 | | | 10,696 |
| Carryover for 2022 Budget | 176,957 | | | 176,957 |
| <i>Total Assigned</i> | 200,603 | 0 | 0 | 200,603 |
| Unassigned (Deficit) | 225,821 | | | 225,821 |
| <i>Total Fund Balances</i> | \$427,864 | \$222,397 | \$529,636 | \$1,179,897 |

Note 14 – 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 funding, either federal or state, cannot be estimated.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 14 – COVID 19 (Continued)

During 2020, the Library received CARES Act funding. Two grants had carryover monies to be spent in 2021. The grants were each setup as a Special Revenue Fund and are reflected in the financial statements under Other Government Funds since they are not considered major funds.

- 1) Coronavirus Relief Fund – The Library received \$25,000 of which all but \$514 was spent in 2020. The \$514 carryover was spent in January 2021.
- 2) Library Services and Technology Act (LSTA) CARES Act Fund – The Library received a mini-grant for \$3,000. \$640 was spent in 2020. The balance of \$2,360 was spent in 2021.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Louisville Public Library
Stark County
700 Lincoln Ave.
Louisville, Ohio 44641

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Public Library, Stark County, (the Library) as of and for the year ended December 31, 2022 and 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 May 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) 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

May 2, 2023

OHIO AUDITOR OF STATE KEITH FABER



LOUISVILLE PUBLIC 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 5/30/2023

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