

NORTH CANTON PUBLIC LIBRARY

STARK COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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Board of Trustees
North Canton Public Library
185 North Main Street
North Canton, Ohio 44720

We have reviewed the *Independent Auditor's Report* of the North Canton Public Library, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The North Canton Public Library is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 08, 2024

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NORTH CANTON PUBLIC LIBRARY
STARK COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

North Canton Public Library
Stark County
185 North Main Street
North Canton, Ohio 44720

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Canton Public Library, Stark County, Ohio (the Library), as of and for the year ended December 31, 2022 and 2023, 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 2023, and the respective changes in cash basis financial position thereof and the budgetary comparison for the General Fund for the years 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 opinion.

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 financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 the financial audit standards in the Comptroller General of the United States' *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.

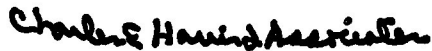
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024, 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.



Charles E. Harris & Associates, Inc.
April 30, 2024

North Canton Public Library
Stark County
Statement of Net Position - Cash Basis
For the Year Ended December 31, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 3,711,768
Net Position	
Restricted for:	
Other Purposes	2,026
Unrestricted	3,709,742
<i>Total Net Position</i>	\$ 3,711,768

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2023

	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:				
Public Services and Programs	\$ 863,174	\$ 26,687	\$ 95,264	\$ (741,223)
Collection Development and Processing	604,915	-	-	(604,915)
Support Services:				
Facilities Operation and Maintenance	186,165	-	-	(186,165)
Information Services	146,546	-	-	(146,546)
Business Administration	796,272	-	-	(796,272)
Capital Outlay	262,010	-	-	(262,010)
<i>Total Governmental Activities</i>	<u>\$ 2,859,082</u>	<u>\$ 26,687</u>	<u>\$ 95,264</u>	<u>\$ (2,737,131)</u>
General Receipts:				
Property Taxes Levied for General Purposes				823,366
Unrestricted Gifts and Contributions				157,963
Grants/Entitlements not Restricted to Specific Programs				1,859,284
Earnings on Investments				132,691
Miscellaneous				25,388
<i>Total General Receipts</i>				<u>2,998,692</u>
Change in Net Position				261,561
<i>Net Position Beginning of Year, Restated</i>				<u>3,450,207</u>
<i>Net Position End of Year</i>				<u>\$ 3,711,768</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 1,514,782	\$ 2,194,960	\$ 2,026	\$ 3,711,768
Fund Balances				
Restricted	-	-	2,026	2,026
Committed	-	2,194,960	-	2,194,960
Assigned	632,233	-	-	632,233
Unassigned	882,549	-	-	882,549
<i>Total Fund Balances</i>	<u>\$ 1,514,782</u>	<u>\$ 2,194,960</u>	<u>\$ 2,026</u>	<u>\$ 3,711,768</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 823,366	\$ -	\$ -	\$ 823,366
Public Library	1,760,351	-	-	1,760,351
Intergovernmental	127,966	-	53,639	181,605
Patron Fines and Fees	26,510	-	-	26,510
Contributions, Gifts and Donations	33,370	126,350	10,835	170,555
Earnings on Investments	132,691	-	-	132,691
Miscellaneous	13,724	11,841	-	25,565
<i>Total Receipts</i>	2,917,978	138,191	64,474	3,120,643
Disbursements				
Current:				
Library Services:				
Public Services and Programs	798,513	-	64,661	863,174
Collection Development and Processing	600,961	-	3,954	604,915
Support Services:				
Facilities Operation and Maintenance	186,165	-	-	186,165
Information Services	146,546	-	-	146,546
Business Administration	796,272	-	-	796,272
Capital Outlay	38,626	223,384	-	262,010
<i>Total Disbursements</i>	2,567,083	223,384	68,615	2,859,082
<i>Excess of Receipts Over (Under) Disbursements</i>	350,895	(85,193)	(4,141)	261,561
Other Financing Sources (Uses)				
Transfers In	-	300,000	-	300,000
Transfers Out	(300,000)	-	-	(300,000)
Advances In	53,000	-	53,000	106,000
Advances Out	(53,000)	-	(53,000)	(106,000)
<i>Total Other Financing Sources (Uses)</i>	(300,000)	300,000	-	-
<i>Net Change in Fund Balances</i>	50,895	214,807	(4,141)	261,561
<i>Restated Fund Balances Beginning of Year, Restated</i>	1,463,887	1,980,153	6,167	3,450,207
<i>Fund Balances End of Year</i>	<u>\$ 1,514,782</u>	<u>\$ 2,194,960</u>	<u>\$ 2,026</u>	<u>\$ 3,711,768</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 840,761	\$ 837,797	\$ 823,366	\$ (14,431)
Public Library	1,796,835	1,703,036	1,760,351	57,315
Intergovernmental	149,500	131,501	127,966	(3,535)
Patron Fines and Fees	24,000	35,903	26,510	(9,393)
Contributions, Gifts and Donations	35,750	28,751	33,370	4,619
Earnings on Investments	17,000	207,000	132,691	(74,309)
Miscellaneous	2,380	14,610	13,724	(886)
<i>Total Receipts</i>	2,866,226	2,958,598	2,917,978	(40,620)
Disbursements				
Current:				
Library Services:				
Public Services and Programs	946,004	942,297	807,201	135,096
Collection Development and Processing	690,279	711,502	651,616	59,886
Support Services:				
Facilities Operation and Maintenance	216,733	217,833	199,995	17,838
Information Services	202,164	200,164	160,163	40,001
Business Administration	892,170	896,556	826,092	70,464
Capital Outlay	135,000	135,000	54,000	81,000
<i>Total Disbursements</i>	3,082,350	3,103,352	2,699,067	404,285
<i>Excess of Receipts Over (Under) Disbursements</i>	(216,124)	(144,754)	218,911	363,665
Other Financing Sources (Uses)				
Transfers Out	-	(300,000)	(300,000)	-
Advances In			53,000	53,000
Advances Out			(53,000)	(53,000)
Other Financing Uses	(100,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	(100,000)	(300,000)	(300,000)	-
<i>Net Change in Fund Balance</i>	(316,124)	(444,754)	(81,089)	363,665
<i>Unencumbered Fund Balance Beginning of Year</i>	1,266,760	1,266,760	1,266,760	-
Prior Year Encumbrances Appropriated	197,127	197,127	197,127	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,147,763</u>	<u>\$ 1,019,133</u>	<u>\$ 1,382,798</u>	<u>\$ 363,665</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 –Reporting Entity

The North Canton Public Library was organized as a school district public library in 1926 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees who are appointed by the North Canton City Schools Board of Education. 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 3375.39 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 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 North Canton City School District.

Public Entity Risk Pools

The Library participates in public entity risk pools. Notes 6 and 12 to the financial statements provides additional information.

The Friends of the North Canton Public Library (Friends) 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. The revenues/net position of the Friends are not significant to the Library as they total less than 5% of the Library’s total fund revenues or net position. Therefore, this organization has been excluded from the reporting entity of the Library.

The Friends of the Little Art Gallery (FLAG) is a not-for-profit organization with a self-appointing board. The Chairman of the Art Committee of the Library Board of Trustees serves on the FLAG Board, but as an ex-officio, non-voting member. The Library is not financial accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The revenues/net position of the FLAG are not significant to the Library as they total less than 5% of the Library’s total fund revenues or net position. Therefore, this organization has been excluded from the reporting entity of the Library.

The North Canton Public Library Association (the Association) is an organization with a self- appointing board. Periodically, the Library Association provides financial donations to the Library for capital projects, programs and services, but the Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. According to Auditor of State Bulletin 2004-001, public libraries that issue financial statements using the cash basis of accounting need not incorporate affiliated organizations within their government. Therefore, the Library is not required to and has not included the Association within the reporting entity of the Library.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library has no business-type activities.

The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Library's general receipts.

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

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.

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

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

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

American Rescue Plan Fund The American rescue plan fund accounts for and reports grants received from the government to help alleviate financial pressures caused by the coronavirus pandemic.

Lazich Trust Fund The Lazich Trust fund accounts for and reports receipts of contributions, gifts, and donations used for the purpose of public services and programs.

Permanent Improvement Fund - The Permanent Improvement Fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

Basis of Accounting

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

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

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the 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 character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

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 investments."

Investments of the cash management pool 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 2023, the Library invested in STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2023 was \$132,691.

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 imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

Inventory and Prepaid Items

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

Capital Assets

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

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Accumulated Leave

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

Leases

The Library is the lessee (as defined by GASB 87) in various leases for copier equipment and postage meater under noncancelable leases. Lease payables are not reflected under the Library's cash basis of accounting. Lease disbursements are recognized when they are paid.

SBITAs

The Library has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

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 is available.

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.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

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

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

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

Internal Activity

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis).

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

	2023
	<u>General</u>
Cash Basis	\$ 1,514,782
Encumbrances	<u>(131,984)</u>
Budget Basis	<u>\$ 1,382,798</u>

Note 4 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands on 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 Library 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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. 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end 2023, the Library had \$275 in undeposited cash on hand, which is included on the Statement of Net Position of the Library as part of "Equity in pooled cash and investments."

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 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% of the deposits being secured or a rate set by the Treasurer of State. None of the Library's deposits were exposed to custodial credit risk.

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

Note 4 - Deposits and Investments (continued)

Investments

The Library reports its investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2023, the Library had the following investments:

Type	Net Asset Value	Maturity
Star Ohio	\$1,084,846	46.4 days

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy addresses interest rate risk by requiring the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

Note 5 – Grants in Aid and Taxes (continued)

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2023 was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

<u>Property Category</u>	<u>2022 Assessed Value</u>
Real Property	\$ 756,486,790
Other	174,669,890
Public Utility	<u>38,912,900</u>
Total	<u><u>\$ 970,069,580</u></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 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

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.

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.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 6 - Risk Management (continued)

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 has remain unchanged. OPRM had 773 members as of December 31, 2022 (the latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (the latest information available).

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit /defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 7 - Defined Benefit Pension Plan (continued)

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' ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

Note 7 - Defined Benefit Pension Plan (continued)

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 their 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.

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

	State and Local			
	Traditional		Combined	
2023 Statutory Maximum Contribution Rates				
Employer	14.0	%	14.0%	%
Employee*	10.0	%	10.0%	
2023 Actual Contribution Rates				
Employer				
Pension****	14.0	%	12.0%	%
Post-employment Health Care Benefits****	0.0	%	2.0%	%
Total Employer	14.0	%	14.0%	%
Employee	10.0	%	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. The Library’s contractually required contribution was \$161,111 for the year 2023.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 8 - Postemployment Benefits (continued)

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan. When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 8 - Postemployment Benefits (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the 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 2023 was 4%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$0 for the year 2023.

Note 9 – Interfund Transfers

During 2023, an Interfund transfer was made in the amount of \$300,000 from the General Fund to the Permanent Improvement Fund.

Note 10 – Leases

The Library leases equipment under non-cancelable leases. The Library disbursed \$37,751 to pay lease costs for a postage meter and a multi-function copy machine during the year ended December 31, 2023. Future lease payments will include the ongoing postage meter lease and a new lease for Library equipment beginning in 2023.

Note 11 – Contingent Liabilities

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

Note 12 – 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 over 100 entities, most of which are school districts. The Library provides health and life insurance coverage through the Council. 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.

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2023

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 for 2023 are presented below:

2023 Fund Balances	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Restricted for</u>				
Lazich Trust	\$ -	\$ -	\$ 2,026	\$ 2,026
Total Restricted	-	-	2,026	2,026
<u>Committed to</u>				
Capital Projects	-	2,194,960	-	2,194,960
Total Committed	-	2,194,960	-	2,194,960
<u>Assigned</u>				
Encumbrances	131,984	-	-	131,984
Excess Appropriations over Revenues	500,249	-	-	500,249
Total Assigned	632,233	-	-	632,233
Unassigned	882,549	-	-	882,549
Total Fund Balances	<u>\$ 1,514,782</u>	<u>\$ 2,194,960</u>	<u>\$ 2,026</u>	<u>\$ 3,711,768</u>

Note 14 – Prior Year Adjustment

Fund balance adjustment totaling \$50 were made due to a lost check written in 2022 and voided in 2023.

North Canton Public Library
Stark County
Statement of Net Position - Cash Basis
For the Year Ended December 31, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 3,450,157
Net Position	
Restricted for:	
Other Purposes	6,167
Unrestricted	3,443,990
<i>Total Net Position</i>	\$ 3,450,157

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
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	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	\$ 684,197	\$ 23,945	\$ 73,994	\$ (586,258)
Collection Development and Processing	560,293	-	-	(560,293)
Support Services:				
Facilities Operation and Maintenance	176,342	-	-	(176,342)
Information Services	88,931	-	-	(88,931)
Business Administration	755,776	-	-	(755,776)
Capital Outlay	234,075	-	-	(234,075)
<i>Total Governmental Activities</i>	<u>\$ 2,499,614</u>	<u>\$ 23,945</u>	<u>\$ 73,994</u>	<u>\$ (2,401,675)</u>
General Receipts:				
Property Taxes Levied for General Purposes				813,617
Unrestricted Gifts and Contributions				97,018
Grants/Entitlements not Restricted to Specific Programs				1,832,291
Earnings on Investments				35,857
Miscellaneous				2,559
<i>Total General Receipts</i>				<u>2,781,342</u>
Change in Net Position				379,667
<i>Net Position Beginning of Year</i>				<u>3,070,490</u>
<i>Net Position End of Year</i>				<u>\$ 3,450,157</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 1,463,837	\$ 1,980,153	\$ 6,167	\$ 3,450,157
Fund Balances				
Restricted	-	-	6,167	6,167
Committed	-	1,980,153	-	1,980,153
Assigned	409,916	-	-	409,916
Unassigned	1,053,921	-	-	1,053,921
<i>Total Fund Balances</i>	<u>\$ 1,463,837</u>	<u>\$ 1,980,153</u>	<u>\$ 6,167</u>	<u>\$ 3,450,157</u>

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 813,617	\$ -	\$ -	\$ 813,617
Public Library	1,733,446	-	-	1,733,446
Intergovernmental	116,345	-	40,905	157,250
Patron Fines and Fees	23,945	-	-	23,945
Contributions, Gifts and Donations	24,806	73,593	14,208	112,607
Earnings on Investments	35,857	-	-	35,857
Miscellaneous	2,559	-	-	2,559
<i>Total Receipts</i>	<u>2,750,575</u>	<u>73,593</u>	<u>55,113</u>	<u>2,879,281</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	626,572	-	57,625	684,197
Collection Development and Processing	560,293	-	-	560,293
Support Services:				
Facilities Operation and Maintenance	176,342	-	-	176,342
Information Services	88,931	-	-	88,931
Business Administration	755,776	-	-	755,776
Capital Outlay	94,650	78,330	61,095	234,075
<i>Total Disbursements</i>	<u>2,302,564</u>	<u>78,330</u>	<u>118,720</u>	<u>2,499,614</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	448,011	(4,737)	(63,607)	379,667
Other Financing Sources (Uses)				
Transfers In	-	500,000	-	500,000
Transfers Out	(500,000)	-	-	(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(51,989)	495,263	(63,607)	379,667
<i>Fund Balances Beginning of Year</i>	<u>1,515,826</u>	<u>1,484,890</u>	<u>69,774</u>	<u>3,070,490</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,463,837</u>	<u>\$ 1,980,153</u>	<u>\$ 6,167</u>	<u>\$ 3,450,157</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
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	\$ 823,621	\$ 823,621	\$ 813,617	\$ (10,004)
Public Library	1,522,823	1,522,823	1,733,446	210,623
Intergovernmental	105,000	118,650	116,345	(2,305)
Patron Fines and Fees	23,000	23,000	23,945	945
Contributions, Gifts and Donations	70,250	40,250	24,806	(15,444)
Earnings on Investments	4,000	4,000	35,857	31,857
Miscellaneous	2,308	2,308	2,559	251
<i>Total Receipts</i>	<u>2,551,002</u>	<u>2,534,652</u>	<u>2,750,575</u>	<u>215,923</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	717,392	737,392	638,819	98,573
Collection Development and Processing	689,178	690,178	624,267	65,911
Support Services:				
Facilities Operation and Maintenance	219,995	220,495	194,018	26,477
Information Services	130,037	165,037	155,037	10,000
Business Administration	811,753	817,853	774,439	43,414
Capital Outlay	201,565	136,065	113,110	22,955
<i>Total Disbursements</i>	<u>2,769,920</u>	<u>2,767,020</u>	<u>2,499,690</u>	<u>267,330</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(218,918)	(232,368)	250,885	483,253
Other Financing Sources (Uses)				
Transfers Out	-	(500,000)	(500,000)	-
Other Financing Uses	(100,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(318,918)	(732,368)	(249,115)	483,253
<i>Unencumbered Fund Balance Beginning of Year</i>	1,326,479	1,326,479	1,326,479	-
Prior Year Encumbrances Appropriated	189,347	189,347	189,347	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,196,908</u>	<u>\$ 783,458</u>	<u>\$ 1,266,711</u>	<u>\$ 483,253</u>

See accompanying notes to the basic financial statements

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 –Reporting Entity

The North Canton Public Library was organized as a school district public library in 1926 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees who are appointed by the North Canton City Schools Board of Education. 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 3375.39 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 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 North Canton City School District.

Public Entity Risk Pools

The Library participates in public entity risk pools. Notes 6 and 13 to the financial statements provides additional information.

The Friends of the North Canton Public Library (Friends) 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. The revenues/net position of the Friends are not significant to the Library as they total less than 5% of the Library’s total fund revenues or net position. Therefore, this organization has been excluded from the reporting entity of the Library.

The Friends of the Little Art Gallery (FLAG) is a not-for-profit organization with a self-appointing board. The Chairman of the Art Committee of the Library Board of Trustees serves on the FLAG Board, but as an ex-officio, non-voting member. The Library is not financial accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The revenues/net position of the FLAG are not significant to the Library as they total less than 5% of the Library’s total fund revenues or net position. Therefore, this organization has been excluded from the reporting entity of the Library.

The North Canton Public Library Association (the Association) is an organization with a self- appointing board. Periodically, the Library Association provides financial donations to the Library for capital projects, programs and services, but the Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. According to Auditor of State Bulletin 2004-001, public libraries that issue financial statements using the cash basis of accounting need not incorporate affiliated organizations within their government. Therefore, the Library is not required to and has not included the Association within the reporting entity of the Library.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library has no business-type activities.

The statement of net position presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Library's general receipts.

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

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.

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

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

North Canton 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)

American Rescue Plan Fund The American rescue plan fund accounts for and reports grants received from the government to help alleviate financial pressures caused by the coronavirus pandemic.

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports receipts of CARES Act monies used for the purpose of emergency relief and equipment due to the virus.

Permanent Improvement Fund - The Permanent Improvement Fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

Basis of Accounting

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

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

Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the 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 character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

North Canton 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)

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 investments."

Investments of the cash management pool 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, the Library invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Note 2 - Summary of Significant Accounting Policies (continued)

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 was \$35,857.

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 imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

Inventory and Prepaid Items

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

Capital Assets

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

North Canton 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)

Accumulated Leave

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

Leases

The Library is the lessee (as defined by GASB 87) in various leases for copier equipment and postage meater under noncancelable leases. Lease payables are not reflected under the Library's cash basis of accounting. Lease disbursements are recognized when they are paid.

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 postretirement health care benefits.

Long-Term Obligations

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

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 is available.

Fund Balance

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

Nonspendable - The 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.

North Canton 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)

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

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

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

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

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

Internal Activity

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis).

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 - Budgetary Basis of Accounting (continued)

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

	2022
	<u>General</u>
Cash Basis	\$ 1,463,837
Encumbrances	<u>(197,126)</u>
Budget Basis	<u><u>\$ 1,266,711</u></u>

Note 4 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands on 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 Library 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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. 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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end 2022, the Library had \$275 in undeposited cash on hand, which is included on the Statement of Net Position of the Library as part of "Equity in pooled cash and investments."

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 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% of the deposits being secured or a rate set by the Treasurer of State. None of the Library's bank balance is exposed to custodial credit risk.

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (continued)

Investments

The Library reports its investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2022, the Library had the following investments:

Type	Net Asset Value	Maturity
Star Ohio	\$ 1,029,709	31.9 days

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library’s investment policy addresses interest rate risk by requiring the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization.

Note 5 – Grants in Aid and Taxes

Grants in Aid

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

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Grants in Aid and Taxes (continued)

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.

The full tax rate for all Library operations for the year ended December 31, 2022 was \$1.50 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:

	2021
<u>Property Category</u>	<u>Assessed Value</u>
Real Property	\$ 750,568,980
Other	178,279,300
Public Utility	<u>37,140,410</u>
	<u>\$ 965,988,690</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.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

The Government 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.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management (continued)

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 has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022:

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 8 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

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

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

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2022

Note 8 - Defined Benefit Pension Plan (continued)

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' ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2022

Note 8 - Defined Benefit Pension Plan (continued)

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 their 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.

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:

	State and Local
2022 Statutory Maximun Contribution Rates	
Employer	14.0 %
Employee*	10.0 %
2022 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.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 - Defined Benefit Pension Plan (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$146,650 for the year 2022.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans.

Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan.

Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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.

This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or 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 health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 - Postemployment Benefits (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. 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 change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring 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.

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 14.0 percent of earnable salary. These are the maximum employer contribution rates 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 health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Note 10 – Interfund Transfers

During 2022, an Interfund transfer was made in the amount of \$500,000 from the General Fund to the Permanent Improvement Fund.

North Canton Public Library
Stark County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 11 – Leases

The Library leases equipment under non-cancelable leases. The Library disbursed \$1,801 to pay lease costs for a postage meter and a multi-function copy machine during the year ended December 31, 2022. Future lease payments will include the ongoing postage meter lease and a new lease for Library equipment beginning in 2023.

Note 12 – Contingent Liabilities

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

Note 13 – 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 over 100 entities, most of which are school districts. The Library provides health and life insurance coverage through the Council. 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.

North Canton Public Library
 Stark County
Notes to the Basic Financial Statements
 For the Year Ended December 31, 2022

Note 14 – 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 for 2022 are presented below:

2022 Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Restricted for</u>				
Lazich Trusts	\$ -	\$ -	\$ 6,167	\$ 6,167
Total Restricted	-	-	6,167	6,167
<u>Committed to</u>				
Capital Projects	-	1,980,153	-	1,980,153
Total Committed	-	1,980,153	-	1,980,153
<u>Assigned</u>				
Encumbrances	197,127	-	-	197,127
Excess Appropriations over Revenues	212,789	-	-	212,789
Total Assigned	409,916	-	-	409,916
Unassigned	1,053,921	-	-	1,053,921
Total Fund Balances	<u>\$ 1,463,837</u>	<u>\$ 1,980,153</u>	<u>\$ 6,167</u>	<u>\$ 3,450,157</u>

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During 2022, the Library received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

North Canton Public Library
Stark County
185 North Main Street
North Canton, Ohio 44720

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Canton Public Library, Stark County (the Library) as of and for the years ended December 31, 2022 and 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 30, 2024, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

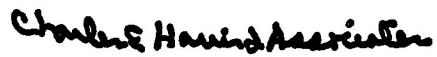
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.



Charles E. Harris & Associates, Inc.
April 30, 2024

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OHIO AUDITOR OF STATE KEITH FABER



NORTH CANTON 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 7/18/2024

65 East State 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