

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

***SUMMIT COUNTY***

Regular Audit

For the Years Ended December 31, 2019 and 2018







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Board of Trustees  
Akron-Summit County Public Library  
60 South High Street  
Akron, Ohio 44326

We have reviewed the *Independent Auditor's Report* of the Akron-Summit County Public Library, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Akron-Summit County Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 13, 2020

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**Akron-Summit County Public Library**  
**Summit County**  
*For the Years Ended December 31, 2019 and 2018*

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**INDEPENDENT AUDITOR'S REPORT**

Akron-Summit County Public Library  
Summit County  
60 South High Street  
Akron, Ohio 44326

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron-Summit County Public Library, Summit County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2. This responsibility includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the 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 Akron-Summit County Public Library, Summit County, as of December 31, 2019 and 2018, and the respective changes in cash basis financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the cash basis of accounting described in Note 2.

***Basis of Accounting***

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 differs from generally accepted accounting principles. Our opinions are not modified with respect to this matter.

***Emphasis of Matters***

As discussed in Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

As discussed in Note 12 to the 2019 financial statements, during the year ended December 31, 2019, the Authority adopted new guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

***Other Matters***

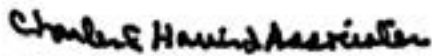
***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Library's basic financial statements. The management's discussion and analysis, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, on our consideration of the Library's internal control over financial reporting and on 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.***  
May 29, 2020

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**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

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This discussion and analysis of the Akron-Summit County Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2019, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2019 are as follows:

- The Library's receipts are primarily from public library fund revenues and property taxes. These receipts represent 42 percent and 54 percent respectively of the total cash received for the Library's government-wide activities during the year.
- In 2015, the voters approved a 1.4 mil renewal plus 0.5 mil additional property tax levy. Collections for the levy began in 2016 and end in 2021.

### **Using the Basic Financial Statements**

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

### **Report Components**

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

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

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

### **Basis of Accounting**

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

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

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

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## **Reporting the Library as a Whole**

### *Statement of Net Position and the Statement of Activities*

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2019, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

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

## **Reporting the Library's Most Significant Funds**

### *Fund Financial Statements*

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

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

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

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***Other Information***

***Notes to the Financial Statements***

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

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2019 and 2018 on a cash basis:

Table 1 Governmental Net Position		
	2019	2018
<b>Assets:</b>		
Equity in pooled cash and cash equivalents	\$ <u>9,897,915</u>	\$ <u>9,204,766</u>
<b>Net Position:</b>		
Restricted for:		
Debt Service	329,901	327,887
Unclaimed Monies	9,182	9,182
Forfeited Employee FSA	13,056	-
Permanent Fund Purpose:		
Expendable	14,655	13,371
Nonexpendable	435,825	435,825
Other Purposes	43,423	60,610
Unrestricted	9,051,873	8,357,891
<b>Total Net Position</b>	<b>\$ <u>9,987,915</u></b>	<b>\$ <u>9,204,766</u></b>

Net position of governmental activities increased \$693,149 or 7.5 percent during 2019. The primary reason for the increase in the cash balance in 2019 was overall revenues increased during the year.

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
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Table 2 reflects the changes in net position on a cash basis in 2019 and 2018 for governmental activities.

Table 2  
Changes in Governmental Net Position

	2019	2018
Receipts:		
Program receipts:		
Charges for services and sales	\$ 407,135	\$ 461,465
Operating grants and contributions	163,419	58,103
Total program receipts	570,554	519,568
General receipts:		
Property taxes levied for general purposes	13,659,248	13,536,425
Property taxes levied for debt service	4,855,027	4,804,790
Intergovernmental revenues	14,737,788	14,094,286
Unrestricted gifts and contributions	1,510	3,830
Earnings on Investments	170,393	149,311
Miscellaneous	107,242	122,179
Total general receipts	33,531,208	32,710,821
Total receipts	34,101,762	33,230,389
Disbursements:		
Library services:		
Public services and programs	13,734,739	12,994,886
Collection development and processing	4,818,093	4,785,953
Support services:		
Facilities operation and maintenance	4,688,051	5,053,456
Information services	710,919	621,002
Business administration	3,485,117	3,491,382
Capital outlay	580,444	718,859
Debt service:		
Principal retirement	4,890,000	4,655,000
Interest and fiscal charges	501,250	734,000
Total disbursements	33,408,613	33,054,538
Change in net position	693,149	175,851
Net position at beginning of year	9,204,766	9,028,915
Net position at end of year	\$ 9,897,915	\$ 9,204,766

***Governmental Activities***

Program receipts represent 1.7 percent of total receipts and are primarily comprised of patron fines and fees, grants, and contributions and donations.

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

General receipts represent 98.3 percent of the Library's total receipts, and of this, 55.2 percent are local taxes. State grants and entitlements make up another 44.0 percent of the Library's general receipts. Other miscellaneous receipts are less significant and somewhat unpredictable revenue sources.

The first column of the Statement of Activities lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Services and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, Capital Outlay and Debt Service, which account for 41.1 percent, 14.4 percent, 14.0 percent, 2.1 percent, 10.4 percent, 1.7 percent, and 16.1 percent of all Library disbursements respectively. The next two columns of the Statement titled Program Cash Receipts identify amounts paid by persons who are directly charged for the respective service and grants received by the Library that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service paid by taxpayers from the Library's general receipts which are represented at the bottom of the Statement.

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

Table 3  
 Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Library services:				
Public services and programs	\$ 13,734,739	\$ 13,285,962	\$ 12,994,886	\$ 12,513,438
Collection development and processing	4,818,093	4,801,556	4,785,953	4,747,888
Support services				
Facilities operation and maintenance	4,688,051	4,688,051	5,053,456	5,053,456
Information services	710,919	710,919	621,002	621,002
Business administration	3,485,117	3,379,947	3,491,382	3,491,382
Capital outlay	580,444	580,374	718,859	718,804
Principal retirement	4,890,000	4,890,000	4,655,000	4,655,000
Interest and fiscal charges	501,250	501,250	734,000	734,000
Total disbursements	<u>\$ 33,408,613</u>	<u>\$ 32,838,059</u>	<u>\$ 33,054,538</u>	<u>\$ 32,534,970</u>

**The Library's Funds**

Total governmental funds receipts were \$34,101,762 and disbursements were \$33,408,613. The General Fund receipts were \$698,118 more than disbursements, and the ending cash fund balance was \$9,061,055. The addition to the General Fund ending balance from 2018 to 2019 was primarily due to additional revenues in 2019. While certain costs were reduced in 2019, public services, programs, and collection development increased.

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

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

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**General Fund Budgeting Highlights**

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

During 2019, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$28,354,673 and actual receipts were \$28,463,074 which was \$108,401 more revenue than budgeted. The final budget for disbursements was \$34,356,998 and actual disbursements were \$28,498,951 (cash disbursements plus encumbrances). Actual disbursements were \$5,966,448 less than budgeted. The primary reason for the difference between budgeted and actual disbursements was due to a budgeted contingency that was not spent. Annually a contingency line item is included in the budget but normally is not utilized.

**Debt Administration**

*Debt*

Table 4 shows the Library's outstanding debt of \$5,135,000 at December 31, 2019. This amount consists of bonds issued for improvements to buildings and structures. For further information regarding the Library's debt, refer to Note 9 to the basic financial statements.

Table 4  
Debt Administration

Type of Debt	Description	Balance Outstanding at December 31, 2019
Bond Issue	Series 2011	\$ 5,135,000
Total Bonds		\$ 5,135,000

**Current Issues**

All Ohio libraries face the challenge to continue providing quality services to the public while experiencing certain uncertainties in funding. Most of Ohio's public libraries depend on the State of Ohio for a major part of their funding through the Public Library Fund (PLF). The PLF is calculated as a percentage of the state's General Revenue Fund (GRF) tax revenue. Ohio libraries received 1.68 percent of the GRF tax revenue for the state biennial budget period from July 1, 2018 through June 30, 2019 and will receive 1.7 percent during the budget period between July 1, 2019 through June 30, 2021. Since the PLF is based on a percentage of the state's revenue, the PLF funding fluctuates as the state's revenue fluctuates.

The Akron-Summit County Public Library's other major operating funding source is a local property tax levy. The six-year 1.9 mil local property tax levy was approved by the voters in May 2015 to provide for general operations. Collections from this levy run from 2016 through 2021.



**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
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The Library has remained committed to careful and thoughtful spending, especially since future State funding is somewhat uncertain and levy revenue may remain flat or decline during the levy cycle. During the recession and in the years immediately following it, the Library did not reduce public hours or the services we provided. Significant reductions in salary expenses were realized through workforce attrition and reorganizing work duties. In 2014 and 2015 however, we decreased public hours in order to achieve additional savings to meet the continuing budget constraints and to accommodate our reduced staff levels. In 2016, the Library added back some of the public hours and began filling some open positions in anticipation of additional revenue from the new levy. Throughout 2017, 2018 and 2019 the Library has continued carefully evaluating hiring for open positions when necessary and reorganizing work duties when practical.

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

**Contacting the Library's Financial Management**

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

**Akron-Summit County Public Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2019*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 9,897,915
<i>Total Assets</i>	9,897,915
<b>Net Position</b>	
Restricted for:	
Debt Service	329,901
Unclaimed Monies	9,182
Forfeited Employee FSA	13,056
Permanent Fund Purpose:	
Expendable	14,655
Nonexpendable	435,825
Other Purposes	43,423
Unrestricted	9,051,873
<i>Total Net Position</i>	\$ 9,897,915

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2019

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 13,734,739	\$ 407,135	\$ 41,642	\$ (13,285,962)
Collection Development and Processing	4,818,093	-	16,537	(4,801,556)
Support Services:				
Facilities Operation and Maintenance	4,688,051	-	-	(4,688,051)
Information Services	710,919	-	-	(710,919)
Business Administration	3,485,117	-	105,170	(3,379,947)
Capital Outlay	580,444	-	70	(580,374)
Debt Service:				
Principal Retirement	4,890,000	-	-	(4,890,000)
Interest and Fiscal Charges	501,250	-	-	(501,250)
<i>Total Governmental Activities</i>	<u>\$ 33,408,613</u>	<u>\$ 407,135</u>	<u>\$ 163,419</u>	<u>(32,838,059)</u>
<b>General Receipts:</b>				
Property Taxes Levied for:				
General Purposes				13,659,248
Debt Service				4,855,027
Grants and entitlements not restricted to specific programs				14,737,788
Unrestricted Gifts and Contributions				1,510
Earnings on Investments				170,393
Miscellaneous				107,242
<i>Total General Receipts</i>				<u>33,531,208</u>
Change in Net Position				693,149
<i>Net Position Beginning of Year</i>				<u>9,204,766</u>
<i>Net Position End of Year</i>				<u>\$ 9,897,915</u>

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2019*

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 9,061,055	\$ 323,700	\$ 513,160	\$ 9,897,915
<i>Total Assets</i>	<u>9,061,055</u>	<u>323,700</u>	<u>513,160</u>	<u>9,897,915</u>
<b>Fund Balances</b>				
Nonspendable	9,182	-	435,825	445,007
Restricted	-	323,700	73,129	396,829
Assigned	4,719,893	-	4,206	4,724,099
Unassigned	<u>4,331,980</u>	<u>-</u>	<u>-</u>	<u>4,331,980</u>
<i>Total Fund Balances</i>	<u>\$ 9,061,055</u>	<u>\$ 323,700</u>	<u>\$ 513,160</u>	<u>\$ 9,897,915</u>

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2019*

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 13,659,248	\$ 4,855,027	\$ -	\$ 18,514,275
Public Library Fund	12,563,514	-	-	12,563,514
Intergovernmental	1,544,495	629,779	9,998	2,184,272
Patron Fines and Fees	407,135	-	-	407,135
Contributions, Gifts and Donations	11,047	-	10,000	21,047
Earnings on Investments	191,443	-	7,662	199,105
Miscellaneous	107,244	-	105,170	212,414
<i>Total Receipts</i>	28,484,126	5,484,806	132,830	34,101,762
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	13,714,435	-	20,304	13,734,739
Collection Development and Processing	4,800,022	-	18,071	4,818,093
Support Services:				
Facilities Operation and Maintenance	4,688,051	-	-	4,688,051
Information Services	710,919	-	-	710,919
Business Administration	3,292,274	91,542	101,301	3,485,117
Capital Outlay	580,307	-	137	580,444
Debt Service:				
Principal Retirement	-	4,890,000	-	4,890,000
Interest and Fiscal Charges	-	501,250	-	501,250
<i>Total Disbursements</i>	27,786,008	5,482,792	139,813	33,408,613
<i>Net Change in Fund Balances</i>	698,118	2,014	(6,983)	693,149
<i>Fund Balances Beginning of Year</i>	8,362,937	321,686	520,143	9,204,766
<i>Fund Balances End of Year</i>	<u>\$ 9,061,055</u>	<u>\$ 323,700</u>	<u>\$ 513,160</u>	<u>\$ 9,897,915</u>

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budgetary Basis*  
*General Fund*  
*For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 13,944,305	\$ 13,522,552	\$ 13,659,248	\$ 136,696
Public Library Fund	12,675,191	12,418,133	12,563,514	145,381
Intergovernmental	1,576,727	1,529,038	1,544,495	15,457
Patron Fines and Fees	517,800	517,800	407,135	(110,665)
Contributions, Gifts and Donations	14,050	14,050	11,047	(3,003)
Earnings on Investments	216,708	216,708	170,393	(46,315)
Miscellaneous	136,392	136,392	107,242	(29,150)
<i>Total Receipts</i>	29,081,173	28,354,673	28,463,074	108,401
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	13,444,120	13,763,323	13,768,987	(5,664)
Collection Development and Processing	5,419,522	5,454,204	5,042,814	411,390
Support Services:				
Facilities Operation and Maintenance	5,371,070	5,339,403	5,088,159	251,244
Information Services	564,672	775,356	715,198	60,158
Business Administration	8,858,205	8,325,302	3,268,256	5,057,046
Capital Outlay	699,410	699,410	615,537	83,873
<i>Total Disbursements</i>	34,356,999	34,356,998	28,498,951	5,858,047
<i>Net Change in Fund Balance</i>	(5,275,826)	(6,002,325)	(35,877)	5,966,448
<i>Unencumbered Fund Balance Beginning of Year</i>	6,629,725	6,629,725	6,629,725	-
Prior Year Encumbrances Appropriated	476,327	476,327	476,327	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,830,226</u>	<u>\$ 1,103,727</u>	<u>\$ 7,070,175</u>	<u>\$ 5,966,448</u>

See accompanying notes to the financial statements.

## **Akron-Summit County Public Library**

### *Summit County*

#### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 1 – Description of the Library and Reporting Entity**

The Akron-Summit County Public Library was organized as a county district library in 1874 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members, four of whom are appointed by the Summit County Executive and Council, and three whom are appointed by the Judges of the Court of Common Pleas. 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, being sued, contracting, acquiring, holding, possessing, and disposing of real property, and 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 County, although the County serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy and the role and purpose(s) of the levy are discretionary decisions made solely by the Board of Trustees of the Library. Once those decisions are made, the County 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 County.

There are nineteen Friends groups associated with the Akron-Summit County Public Library: one for Main Library; one for each branch library; and one Council of Friends, which is an umbrella group for the other Friends groups. Each Friends group is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt of these organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

### **Note 2 – Summary of Significant Accounting Policies**

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

#### ***Basis of Presentation***

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

# Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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## Note 2 – Summary of Significant Accounting Policies (continued)

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library. The statements present the activities of the Library as governmental. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange transactions.

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

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

### **Fund Accounting**

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

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

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

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

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



## **Akron-Summit County Public Library**

### *Summit County*

#### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 2 – Summary of Significant Accounting Policies (continued)**

#### ***Basis of Accounting***

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their relative 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 (except certain agency funds) are legally required to be appropriated. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for the General Fund and at fund level for all other funds. Budgetary modifications above the legal level of control may only be made by resolution of the Board of Trustees.

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

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

#### ***Cash and Cash Equivalents***

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

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

## **Akron-Summit County Public Library**

### *Summit County*

#### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 2 – Summary of Significant Accounting Policies (continued)**

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

During 2019, the Library invested in nonnegotiable certificates of deposit and 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2019 totaled \$191,443 which includes \$55,611 assigned from other Library funds.

#### ***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted as well as the nonspendable portions of endowments.

#### ***Inventory and Prepaid Items***

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

#### ***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8. The employer contributions include portions for pension benefits and for 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 when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlays are reported at inception. Lease payments are reported when paid.

***Net Position***

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

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

***Fund Balance***

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

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

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

## Akron-Summit County Public Library

### Summit County

#### Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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### Note 2 – Summary of Significant Accounting Policies (continued)

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Trustees or a Library official delegated that authority by resolution or by State statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

### Note 3 – Budgetary Basis of Accounting

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

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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**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:

<i>Net Change in Fund Balance</i>	
Cash basis	\$ 698,118
Outstanding encumbrances	(740,659)
Separately budgeted funds (GASB 54 Adjustment)	6,664
Budgetary basis	<u>\$ (35,877)</u>

**Note 4 – Deposits and Investments**

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

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

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

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

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

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

## Akron-Summit County Public Library

### *Summit County*

#### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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#### **Note 4 – Deposits and Investments (continued)**

4. 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.
5. Bonds and other obligations of the State of Ohio;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investments at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty 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. Investments may only be made through specified dealers and institutions. 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

#### ***Deposits***

Custodial risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the Library’s deposits was \$9,895,365 and the bank balance was \$10,081,655. None of the bank balance was exposed to custodial credit risk.

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 percent of the deposits being secured or at a rate set by the Treasurer of State.

## **Akron-Summit County Public Library**

### *Summit County*

#### *Notes to the Basic Financial Statements*

#### *For the Year Ended December 31, 2019*

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### **Note 5 – Grants in Aid and Property Taxes**

#### ***Grants in Aid***

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

#### ***Property Taxes***

Property taxes include amounts levied against all real and public utility property located within Summit County. Property tax revenue received during 2019 for real and public utility property taxes represents collections of the 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2019.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2019 with real property taxes.

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

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

**Note 6 – Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Cincinnati Insurance	Property – Main - Building	\$60,000,000
	Property – Branches - Building	\$32,300,000
	Property – Main - Contents	\$20,800,000
	Property – Branches - Contents	\$23,212,000
	Commercial Umbrella Liability	\$7,000,000
	Electronic Data Equipment	\$2,577,525
	Fine Arts	\$382,383
	Extra Expense	\$2,010,000
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$1,000,000
	Fleet Insurance, single limit	\$1,000,000
	Fleet Insurance, uninsured	\$1,000,000
	Employee Dishonesty	\$250,000
	Boiler and Machinery	Property Limits
	Flood	\$1,000,000
	Earthquake	\$5,000,000
	Bookmobile Contents	\$1,345,753
	Off Premises Services Interruption	\$250,000
	Philadelphia Insurance	Directors and Officers Liability
Employment Practices		\$3,000,000
Western Surety	Public Officials Bond	\$200,000

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

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

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



**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System (OPERS)***

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

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 7 – Defined Benefit Pension Plan (continued)**

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

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

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

	<u>State and Local</u>
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,823,430 for the year 2019.

## Akron-Summit County Public Library

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 8 – Postemployment Benefits**

#### ***Ohio Public Employees Retirement System***

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

**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 2019, 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 2019 was 4.0 percent.

**Note 9 – Debt**

***Construction and Improvement of Facilities***

The Library’s long-term debt activity for the year ended December 31, 2019, was as follows:

	Interest Rate	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Library Improvement Bonds						
2011 Refunding	2.0%-5.0%	\$ 10,025,000	\$ -	\$ (4,890,000)	\$ 5,135,000	\$ 5,135,000
		<u>\$ 10,025,000</u>	<u>\$ -</u>	<u>\$ (4,890,000)</u>	<u>\$ 5,135,000</u>	<u>\$ 5,135,000</u>

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2019 are as follows:

Year	Series 2011		Total
	Principal	Interest	
2020	\$ 5,135,000	\$ 256,750	\$ 5,391,750

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

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

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

**Note 9 – Debt (continued)**

**Leases**

The Library entered into a lease for building space commencing June 2018 for 87 months with varying annual lease payments as listed below and a lease commencing in March 2018 for equipment, software and licensing for the Library’s phone system payable over the next 5 years with an annual lease payment of \$63,094. The expense for the 2019 lease payments was \$63,094. The future minimum payments for these leases are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 63,094
2021	63,094

**Note 10 – Fund Balances**

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>				
Unclaimed Funds	\$ 9,182	\$ -	\$ -	\$ 9,182
Barber Fund	-	-	10,000	10,000
Taylor Lerch Fund	-	-	425,825	425,825
Total Nonspendable	<u>9,182</u>	<u>-</u>	<u>435,825</u>	<u>445,007</u>
<b>Restricted</b>				
Donor Specified Purpose	-	-	50,003	50,003
Forfeited Employee FSA	-	-	13,056	13,056
FSA Contributions	-	-	3,869	3,689
Debt Service	-	323,700	6,201	329,901
Total Restricted	<u>-</u>	<u>323,700</u>	<u>73,129</u>	<u>396,829</u>
<b>Assigned</b>				
Capital Projects	-	-	4,206	4,206
Encumbrances	740,659	-	-	740,659
Total Assigned	<u>740,659</u>	<u>-</u>	<u>4,206</u>	<u>744,865</u>
Unassigned	<u>8,311,214</u>	<u>-</u>	<u>-</u>	<u>8,311,214</u>
Total Fund Balances	<u>\$ 9,061,055</u>	<u>\$ 323,700</u>	<u>\$ 513,160</u>	<u>\$ 9,897,915</u>

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2019*

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**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 - Change in Accounting Principle**

The Library implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for 2019. The implementation had no effect on the beginning fund balance of the Library but changed the classification and activity of the fiduciary fund (FSA Deductions) to Special Revenue.

**Note 13 – Subsequent Event**

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

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*(Unaudited)*

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This discussion and analysis of the Akron-Summit County Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2018, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2018 are as follows:

- The Library's receipts are primarily from public library fund revenues and property taxes. These receipts represent 36 percent and 55 percent respectively of the total cash received for the Library's government-wide activities during the year.
- In 2015, the voters approved a 1.4 mil renewal plus 0.5 mil additional property tax levy. Collections for the levy began in 2016 and end in 2021.

### **Using the Basic Financial Statements**

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

### **Report Components**

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

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

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

### **Basis of Accounting**

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

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

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
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## **Reporting the Library as a Whole**

### *Statement of Net Position and the Statement of Activities*

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2018, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

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

## **Reporting the Library's Most Significant Funds**

### *Fund Financial Statements*

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

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



**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
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**Other Information**

**Notes to the Financial Statements**

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

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2018 and 2017 on a cash basis:

Table 1 Governmental Net Position		
	2018	2017
Assets:		
Equity in pooled cash and cash equivalents	\$ <u>9,204,766</u>	\$ <u>9,028,915</u>
Net Position:		
Restricted for:		
Other Purposes	60,610	57,852
Debt Service	327,887	353,101
Unclaimed Monies	9,182	9,182
Forfeited Employee FSA	-	16,919
Permanent Fund Purpose:		
Expendable	13,371	9,209
Nonexpendable	435,825	435,825
Unrestricted	8,357,891	8,146,827
Total Net Position	\$ <u>9,204,766</u>	\$ <u>9,028,915</u>

Net position of governmental activities increased \$175,851 or 1.9 percent during 2018. The primary reason for the increase in the cash balance in 2018 was overall revenues increased during the year.

**Akron-Summit County Public Library**  
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Table 2 reflects the changes in net position on a cash basis in 2018 and 2017 for governmental activities.

Table 2  
Changes in Governmental Net Position

	2018	2017
Receipts:		
Program receipts:		
Charges for services and sales	\$ 461,465	\$ 462,831
Operating grants and contributions	58,103	56,465
Total program receipts	519,568	519,296
General receipts:		
Property taxes levied for general purposes	13,536,425	13,325,896
Property taxes levied for debt service	4,804,790	4,819,131
Intergovernmental revenues	14,094,286	13,982,573
Unrestricted gifts and contributions	3,830	350
Interest	149,311	66,504
Miscellaneous	122,179	105,051
Total general receipts	32,710,821	32,299,505
Total receipts	33,230,389	32,818,801
Disbursements:		
Library services:		
Public services and programs	12,994,886	12,165,584
Collection development and processing	4,785,953	4,541,129
Support services:		
Facilities operation and maintenance	5,053,456	5,053,442
Information services	621,002	422,320
Business administration	3,491,382	3,228,730
Capital outlay	718,859	275,094
Debt service:		
Principal retirement	4,655,000	4,520,000
Interest and fiscal charges	734,000	869,600
Total disbursements	33,054,538	31,075,899
Change in net position	175,851	1,742,902
Net position at beginning of year	9,028,915	7,286,013
Net position at end of year	\$ 9,204,766	\$ 9,028,915

***Governmental Activities***

Program receipts represent 1.6 percent of total receipts and are primarily comprised of patron fines and fees, grants, and contributions and donations.

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
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General receipts represent 98.4 percent of the Library's total receipts, and of this, 56.1 percent are local taxes. State grants and entitlements make up another 43.1 percent of the Library's general receipts. Other miscellaneous receipts are less significant and somewhat unpredictable revenue sources.

The first column of the Statement of Activities lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Services and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, Capital Outlay and Debt Service, which account for 39.3 percent, 14.5 percent, 15.3 percent, 1.9 percent, 10.6 percent, 2.2 percent, and 16.3 percent of all Library disbursements respectively. The next two columns of the Statement titled Program Cash Receipts identify amounts paid by persons who are directly charged for the respective service and grants received by the Library that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service paid by taxpayers from the Library's general receipts which are represented at the bottom of the Statement.

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

Table 3  
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Library services:				
Public services and programs	\$ 12,994,886	\$ 12,513,438	\$ 12,165,584	\$ 11,649,175
Collection development and processing	4,785,953	4,747,888	4,541,129	4,538,242
Support services				
Facilities operation and maintenance	5,053,456	5,053,456	5,053,442	5,053,442
Information services	621,002	621,002	422,320	422,320
Business administration	3,491,382	3,491,382	3,228,730	3,228,730
Capital outlay	718,859	718,804	275,094	275,094
Principal retirement	4,655,000	4,655,000	4,520,000	4,520,000
Interest and fiscal charges	734,000	734,000	869,600	869,600
Total disbursements	<u>\$ 33,054,538</u>	<u>\$ 32,534,970</u>	<u>\$ 31,075,899</u>	<u>\$ 30,556,603</u>

**The Library's Funds**

Total governmental funds receipts were \$33,230,389 and disbursements were \$33,054,538. The General Fund receipts were \$211,009 more than disbursements, and the ending cash fund balance was \$8,362,937. The addition to the General Fund ending balance from 2017 to 2018 was primarily due to additional revenues in 2018. While certain costs were reduced in 2018, other costs for necessary building and site work increased.

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

**Akron-Summit County Public Library**  
*Summit County*  
*Management's Discussion and Analysis*  
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**General Fund Budgeting Highlights**

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

During 2018, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$27,585,552 and actual receipts were \$27,729,434 which was \$143,882 more revenue than budgeted. The final budget for disbursements was \$33,510,972 and actual disbursements were \$27,984,823 (cash disbursements plus encumbrances). Actual disbursements were \$5,526,149 less than budgeted. The primary reason for the difference between budgeted and actual disbursements was due to a budgeted contingency that was not spent. Annually a contingency line item is included in the budget but normally is not utilized. The amount of the contingency line item for 2018 was \$4,248,534.

**Debt Administration**

*Debt*

Table 4 shows the Library's outstanding debt of \$10,025,000 at December 31, 2018. This amount consists of bonds issued for improvements to buildings and structures. For further information regarding the Library's debt, refer to Note 9 to the basic financial statements.

Table 4  
Debt Administration

<u>Type of Debt</u>	<u>Description</u>	<u>Balance Outstanding at December 31, 2018</u>
Bond Issue	Series 2011	\$ 10,025,000
Total Bonds		\$ 10,025,000

**Current Issues**

The challenge for all Ohio libraries is to continue to provide quality services to the public while experiencing certain uncertainties in funding. Most of Ohio's public libraries depend on the State of Ohio for a major part of their funding through the Public Library Fund (PLF). The PLF is calculated as a percentage of the state's General Revenue Fund (GRF) tax revenue. During the State's biennial budget period of July 1, 2018 through June 30, 2019, Ohio libraries are to receive 1.68 percent of the GRF tax revenue. As the state's revenue fluctuates, so does the funding that is allocated to the libraries.

The Akron-Summit County Public Library's other major operating funding source is a local property tax levy. The six-year 1.9 mil local property tax levy was approved by the voters in May 2015 to provide for general operations. Collections from this levy run from 2016 through 2021.

**Akron-Summit County Public Library**  
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With the future of State funding being somewhat uncertain and the possibility that levy revenues may remain flat or decline during the levy cycle, the Library remains committed to carefully evaluating spending. During the recession and in the years immediately following, we did not reduce hours or services. Significant reductions to salary expenses were achieved through workforce attrition and the reorganization of work duties. In 2014 and 2015 public hours were adjusted for additional savings to meet budget constraints and to accommodate reduced staffing levels. In 2016 the Library added back some of the public hours and began filling several open positions in anticipation of additional revenue from the new levy. Throughout 2017 and 2018 the Library has continued to give careful consideration to hiring for open positions and reorganizing work duties when practical.

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

**Contacting the Library's Financial Management**

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

**Akron-Summit County Public Library**  
*Statement of Net Position - Cash Basis*  
 December 31, 2018

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 9,204,766
<i>Total Assets</i>	9,204,766
<b>Net Position</b>	
Restricted for:	
Debt Service	327,887
Unclaimed Monies	9,182
Permanent Fund Purpose:	
Expendable	13,371
Nonexpendable	435,825
Other Purposes	60,610
Unrestricted	8,357,891
<i>Total Net Position</i>	\$ 9,204,766

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2018

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	\$ 12,994,886	\$ 461,465	\$ 19,983	\$ (12,513,438)
Collection Development and Processing	4,785,953	-	38,065	(4,747,888)
Support Services:				
Facilities Operation and Maintenance	5,053,456	-	-	(5,053,456)
Information Services	621,002	-	-	(621,002)
Business Administration	3,491,382	-	-	(3,491,382)
Capital Outlay	718,859	-	55	(718,804)
Debt Service:				
Principal Retirement	4,655,000	-	-	(4,655,000)
Interest and Fiscal Charges	734,000	-	-	(734,000)
<i>Total Governmental Activities</i>	<u>\$ 33,054,538</u>	<u>\$ 461,465</u>	<u>\$ 58,103</u>	<u>(32,534,970)</u>
<b>General Receipts:</b>				
Property Taxes Levied for:				
General Purposes				13,536,425
Debt Service				4,804,790
Grants and entitlements not restricted to specific programs				14,094,286
Unrestricted Gifts and Contributions				3,830
Earnings on Investments				149,311
Miscellaneous				122,179
<i>Total General Receipts</i>				<u>32,710,821</u>
Change in Net Position				175,851
<i>Net Position Beginning of Year</i>				<u>9,028,915</u>
<i>Net Position End of Year</i>				<u>\$ 9,204,766</u>

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2018*

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 8,362,937	\$ 321,686	\$ 520,143	\$ 9,204,766
<i>Total Assets</i>	<u>8,362,937</u>	<u>321,686</u>	<u>520,143</u>	<u>9,204,766</u>
<b>Fund Balances</b>				
Nonspendable	9,182	-	435,825	445,007
Restricted	-	321,686	80,182	401,868
Assigned	6,911,385	-	4,136	6,915,521
Unassigned	<u>1,442,370</u>	<u>-</u>	<u>-</u>	<u>1,442,370</u>
<i>Total Fund Balances</i>	<u>\$ 8,362,937</u>	<u>\$ 321,686</u>	<u>\$ 520,143</u>	<u>\$ 9,204,766</u>

See accompanying notes to the financial statements.



**Akron-Summit County Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2018*

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 13,536,425	\$ 4,804,790	\$ -	\$ 18,341,215
Public Library Fund	12,099,474	-	-	12,099,474
Intergovernmental	1,363,132	631,680	-	1,994,812
Patron Fines and Fees	461,465	-	-	461,465
Contributions, Gifts and Donations	14,172	-	41,723	55,895
Earnings on Investments	149,311	-	6,038	155,349
Miscellaneous	122,179	-	-	122,179
<i>Total Receipts</i>	27,746,158	5,436,470	47,761	33,230,389
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	12,974,527	-	20,359	12,994,886
Collection Development and Processing	4,764,044	-	21,909	4,785,953
Support Services:				
Facilities Operation and Maintenance	5,053,084	-	372	5,053,456
Information Services	621,002	-	-	621,002
Business Administration	3,408,633	78,885	3,864	3,491,382
Capital Outlay	713,859	-	5,000	718,859
Debt Service:				
Principal Retirement	-	4,655,000	-	4,655,000
Interest and Fiscal Charges	-	734,000	-	734,000
<i>Total Disbursements</i>	27,535,149	5,467,885	51,504	33,054,538
<i>Net Change in Fund Balances</i>	211,009	(31,415)	(3,743)	175,851
<i>Fund Balances Beginning of Year, Restated</i>	8,151,928	353,101	523,886	9,028,915
<i>Fund Balances End of Year</i>	<u>\$ 8,362,937</u>	<u>\$ 321,686</u>	<u>\$ 520,143</u>	<u>\$ 9,204,766</u>

See accompanying notes to the financial statements.

**Akron-Summit County Public Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budgetary Basis*  
*General Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 13,576,372	\$ 13,562,727	\$ 13,536,425	\$ (26,302)
Public Library Fund	11,644,140	11,850,344	12,099,474	249,130
Intergovernmental	1,367,155	1,365,781	1,363,132	(2,649)
Patron Fines and Fees	509,669	509,669	461,465	(48,204)
Contributions, Gifts and Donations	15,652	15,652	14,172	(1,480)
Earnings on Investments	146,437	146,437	132,587	(13,850)
Miscellaneous	134,942	134,942	122,179	(12,763)
<i>Total Receipts</i>	27,394,367	27,585,552	27,729,434	143,882
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	13,414,892	13,218,068	13,074,402	143,666
Collection Development and Processing	5,181,959	5,207,882	4,927,036	280,846
Support Services:				
Facilities Operation and Maintenance	5,615,693	5,586,947	5,098,332	488,615
Information Services	581,647	693,695	644,824	48,871
Business Administration	7,795,459	7,883,058	3,436,161	4,446,897
Capital Outlay	921,322	921,322	804,068	117,254
<i>Total Disbursements</i>	33,510,972	33,510,972	27,984,823	5,526,149
<i>Net Change in Fund Balance</i>	(6,116,605)	(5,925,420)	(255,389)	5,670,031
<i>Unencumbered Fund Balance Beginning of Year, Restated</i>	6,118,001	6,118,001	6,118,001	-
Prior Year Encumbrances Appropriated	767,113	767,113	767,113	-
<i>Unencumbered Fund Balance End of Year</i>	\$ 768,509	\$ 959,694	\$ 6,629,725	\$ 5,670,031

See accompanying notes to the financial statements.

# Akron-Summit County Public Library

## *Summit County*

### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 1 – Description of the Library and Reporting Entity**

The Akron-Summit County Public Library was organized as a county district library in 1874 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members, four of whom are appointed by the Summit County Executive and Council, and three whom are appointed by the Judges of the Court of Common Pleas. 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, being sued, contracting, acquiring, holding, possessing, and disposing of real property, and 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 County, although the County serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy and the role and purpose(s) of the levy are discretionary decisions made solely by the Board of Trustees of the Library. Once those decisions are made, the County 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 County.

There are nineteen Friends groups associated with the Akron-Summit County Public Library: one for Main Library; one for each branch library; and one Council of Friends, which is an umbrella group for the other Friends groups. Each Friends group is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt of these organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

#### **Note 2 – Summary of Significant Accounting Policies**

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

##### ***Basis of Presentation***

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

# Akron-Summit County Public Library

Summit County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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## Note 2 – Summary of Significant Accounting Policies (continued)

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the library, except for fiduciary funds. The statements present the activities of the Library as governmental. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange transactions.

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

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

### **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 divided into two categories: governmental and fiduciary.

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

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

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

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

# Akron-Summit County Public Library

## Summit County

### Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Agency funds are purely custodial in nature and are used to account for assets held by the Library for individuals, other governments or other organizations. The Library's agency fund accounts for employee deductions held to pay claims on the employee's behalf (Employee FSA accounts). As of December 31, 2018, this fund had \$0 cash balance.

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

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

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

#### ***Cash and Cash Equivalents***

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased 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. Investment procedures are restricted by the provisions of the Ohio Revised Code.

During 2018, the Library invested in nonnegotiable certificates of deposit and 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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2018 totaled \$149,311 which includes \$16,725 assigned from other Library funds.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted as well as the nonspendable portions of endowments.

***Inventory and Prepaid Items***

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8. The employer contributions include portions for pension benefits and for 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 when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlays are reported at inception. Lease payments are reported when paid.

***Net Position***

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

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

***Fund Balance***

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

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

## Akron-Summit County Public Library

### Summit County

#### Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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### Note 2 – Summary of Significant Accounting Policies (continued)

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Trustees or a Library official delegated that authority by resolution or by State statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

### Note 3 – Budgetary Basis of Accounting

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

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



**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**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:

<i>Net Change in Fund Balance</i>	
Cash basis	\$ 211,009
Outstanding encumbrances	(476,327)
Separately budgeted funds (GASB 54 Adjustment)	9,929
Budgetary basis	<u>\$ (255,389)</u>

**Note 4 – Deposits and Investments**

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

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

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

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

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

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments (continued)**

4. 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.
5. Bonds and other obligations of the State of Ohio;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investments at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty 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. 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

***Deposits***

Custodial risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the Library’s deposits was \$9,202,216 and the bank balance was \$9,340,659. None of the bank balance was exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

## **Akron-Summit County Public Library**

### *Summit County*

#### *Notes to the Basic Financial Statements*

#### *For the Year Ended December 31, 2018*

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### **Note 5 – Grants in Aid and Property Taxes**

#### ***Grants in Aid***

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

#### ***Property Taxes***

Property taxes include amounts levied against all real and public utility property located within Summit County. Property tax revenue received during 2018 for real and public utility property taxes represents collections of the 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2018.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2018 with real property taxes.

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

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

## Akron-Summit County Public Library

### Summit County

#### Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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### Note 6 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Cincinnati Insurance	Property – Main - Building	\$60,000,000
	Property – Branches - Building	\$32,300,000
	Property – Main - Contents	\$20,800,000
	Property – Branches - Contents	\$23,212,000
	Commercial Umbrella Liability	\$7,000,000
	Electronic Data Equipment	\$2,577,525
	Fine Arts	\$382,383
	Extra Expense	\$2,010,000
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$1,000,000
	Fleet Insurance, single limit	\$1,000,000
	Fleet Insurance, uninsured	\$1,000,000
	Employee Dishonesty	\$250,000
	Boiler and Machinery	Property Limits
	Flood	\$1,000,000
	Earthquake	\$5,000,000
	Bookmobile Contents	\$1,345,753
Off Premises Services Interruption	\$250,000	
Philadelphia Insurance	Directors and Officers Liability	\$3,000,000
	Employment Practices	\$3,000,000
Western Surety	Public Officials Bond	\$200,000

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

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

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

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

**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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 7 – Defined Benefit Pension Plan (continued)**

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

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

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

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

	<u>State and Local</u>
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library’s contractually required contribution was \$1,791,481 for year 2018.

**Note 8 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description - 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.

## Akron-Summit County Public Library

### *Summit County*

#### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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#### **Note 8 – Postemployment Benefits (continued)**

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Please see the Plan Statement in the OPERS CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and Local employers contributed at a rate of 14.00% 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 2018, 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 2018 was 4.00% percent.

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

**Note 9 – Debt**

***Construction and Improvement of Facilities***

The Library’s long-term debt activity for the year ended December 31, 2018, was as follows:

	Interest Rate	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Due Within One Year
<b>Library Improvement Bonds</b>						
2011 Refunding	2.0%-5.0%	\$ 14,680,000	\$ -	\$ (4,655,000)	\$ 10,025,000	\$ 4,890,000
		\$ 14,680,000	\$ -	\$ (4,655,000)	\$ 10,025,000	\$ 4,890,000

Principal and interest requirements to retire the general obligation bonds outstanding at December 31, 2018 are as follows:

Year	Series 2011		
	Principal	Interest	Total
2019	\$ 4,890,000	\$ 501,250	5,391,250
2020	5,135,000	256,750	5,391,750
	\$ 10,025,000	\$ 758,000	\$ 10,783,000

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

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

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



**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

**Note 9 – Debt (continued)**

**Leases**

The Library entered into a lease for building space commencing June 2018 for 87 months with varying annual lease payments as listed below and a lease commencing in March 2018 for equipment, software and licensing for the Library’s phone system payable over the next 5 years with an annual lease payment of \$63,094. The expense for the 2018 lease payments was \$63,094. The future minimum payments for these leases are as follows:

Year	Amount
2019	\$63,094
2020	63,094
2021	63,094

**Note 10 – Fund Balances**

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

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Unclaimed Funds	\$ 9,182	\$ -	\$ -	\$ 9,182
Barber Fund	-	-	10,000	10,000
Taylor Lerch Fund	-	-	425,825	425,825
Total Nonspendable	<u>9,182</u>	<u>-</u>	<u>435,825</u>	<u>445,007</u>
<b>Restricted</b>				
Donor Specified Purpose	-	-	60,925	60,925
Forfeited Employee FSA	-	-	13,056	13,056
Debt Service	-	321,686	6,201	327,887
Total Restricted	<u>-</u>	<u>321,686</u>	<u>80,182</u>	<u>401,868</u>
<b>Assigned</b>				
Capital Projects	-	-	4,136	4,136
Subsequent Year Approp	5,773,582	-	-	5,773,582
Payroll Carryover	661,476	-	-	661,476
Encumbrances	476,327	-	-	476,327
Total Assigned	<u>6,911,385</u>	<u>-</u>	<u>4,136</u>	<u>6,915,521</u>
Unassigned	<u>1,442,370</u>	<u>-</u>	<u>-</u>	<u>1,442,370</u>
<b>Total Fund Balances</b>	<b>\$ <u>8,362,937</u></b>	<b>\$ <u>321,686</u></b>	<b>\$ <u>520,143</u></b>	<b>\$ <u>9,204,766</u></b>

**Akron-Summit County Public Library**

*Summit County*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**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 - Restatement of Fund Balance**

The Library reviewed its classification of funds in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54 during 2018 and determined that four funds were incorrectly being rolled into the General Fund. The reclassification caused a restatement of the beginning fund balance of the Library by decreasing the General Fund balance by \$51,919 and increasing the Other Governmental Funds balance by \$51,919.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Akron-Summit County Public Library  
Summit County  
60 South High Street  
Akron, Ohio 44326

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 remaining aggregate fund information of the Akron-Summit County Public Library, Summit County (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 29, 2020, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library and that the Library adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

***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) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

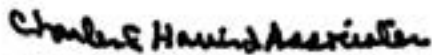
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Library's financial statements are free of 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 determination of financial statement amounts. 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 and Associates, Inc.***

May 29, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**AKRON – SUMMIT COUNTY PUBLIC LIBRARY**

**SUMMIT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/25/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)