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Certified Public Accountants, A.C.

**BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Regular Audit**

For the Years Ended December 31, 2016 and 2015

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Barberton Public Library
602 W. Park Avenue
Barberton, Ohio 44203

We have reviewed the *Independent Auditor's Report* of the Barberton Public Library, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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 Barberton Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 1, 2017

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SUMMIT COUNTY
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SUMMIT COUNTY
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INDEPENDENT AUDITOR'S REPORT

June 23, 2017

Barberton Public Library
Summit County
602 W. Park Avenue
Barberton, Ohio 44203

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 **Barberton Public Library, Summit County, Ohio** (the Library), as of and for the years ended December 31, 2016 and 2015, 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 preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Barberton Public Library, Summit County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

This discussion and analysis of the Barberton Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2016, 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 2016 were as follows:

Overall, net position of governmental activities decreased \$806,285, or 51.2 percent during 2016. The reason contributing to the decrease in cash balances was the expenses involved with the building addition project and is considered a one-time event.

The Library's General Fund had receipts of \$1,596,789 and disbursements of \$1,455,904 creating a positive cash flow of \$140,885. The positive cash flow can be attributed to the additional property tax levied and resulting in additional funds.

The Library's general receipts are primarily public library funding and property taxes. The public library funding received was \$888,354 while property taxes received were \$650,970. These funds amounted to 55.6 percent and 40.8 percent respectively of the total cash received for governmental activities during the year.

The Library held its first annual fundraiser on May 14, 2016. This fundraiser resulted in the purchase of 18 chromebooks and 3 tub trolleys to be used for technology training and by the patrons within the library.

The process of building an addition onto the library was initiated and is near completion. The addition created a new customer service area, café and business area. Local History was moved from the lower level into the renovated former customer service area on the first floor and a new Board Room was established in the former Local History room. A grand re-opening was held on November 13, 2016.

The Library initiated an Employee Assistance Program for its employees.

The Library undertook a job description and performance evaluation update. A salary review was also performed.

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.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The notes to the financial statements are an integral part of the Library's financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

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

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2016, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each Library program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Library function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well 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 taxes and public library funding.

In the statement of net position and the statement of activities, the Library's activities include basic services, including the purchase of books, circulating materials and public services. Property taxes and public library funding finance most of these activities. Benefits provided through the Library's activities are not necessarily paid for by the people receiving them.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are reported as governmental funds as of December 31, 2016.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Library's 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. This year, the Library has two major governmental funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2016 compared to 2015 on a cash basis:

(Table 1)

Net Position

	Governmental Activities	
	2016	2015
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 768,885	\$ 1,575,170
Total Assets	\$ 768,885	\$ 1,575,170
Net Assets		
Restricted for:		
Capital Outlay	\$ 39,301	\$ 786,471
Unrestricted	729,584	788,699
Total Net Position	\$ 768,885	\$ 1,575,170

As previous mentioned, net position of governmental activities decreased \$806,285, or 51.2 percent during 2016. The primary reason contributing to the decrease in cash balances was the expenses involved with the building addition project and is a one-time event.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Table 2 reflects the changes in net position on a cash basis in 2016 and 2015 for Library activities.

(Table 2)
Changes in Net Position

	Library Activities	
	2016	2015
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$35,361	\$40,253
Operating Grants and Contributions	4,281	7,734
Capital Grants and Contributions	3,200	1,000
Total Program Receipts	<u>42,842</u>	<u>48,987</u>
General Receipts:		
Property Taxes Levied for General Purposes	573,827	391,447
Grants/Entitlements not Restricted to Specific Programs	965,497	954,712
Unrestricted Gifts and Contributions	6,201	341
Earnings on Investments	3,596	2,369
Miscellaneous	4,826	6,337
Total General Receipts	<u>1,553,947</u>	<u>1,355,206</u>
Total Receipts	<u>1,596,789</u>	<u>1,404,193</u>
Disbursements:		
Library Services	1,165,995	1,081,811
Support Services	242,594	274,874
Capital Outlay	994,485	69,391
Total Disbursements	<u>2,403,074</u>	<u>1,426,076</u>
Increase (Decrease) in Net Position	<u>(806,285)</u>	<u>(21,883)</u>
<i>Net Position, January 1, 2016</i>	<u>1,575,170</u>	<u>1,597,053</u>
<i>Net Position, December 31, 2016</i>	<u><u>\$768,885</u></u>	<u><u>\$1,575,170</u></u>

Program receipts represent only 2.2 percent of total receipts and are primarily comprised of patron fines, fees and copier services.

General receipts represent 97.8 percent of the Library's total receipts, and of this amount, 55.6 percent is derived from the Public Library funding and 40.8 percent from local property taxes. Other receipts are very insignificant and somewhat of an unpredictable revenue sources.

Disbursements for Library Services include all payrolls, programs and the purchase of patron material. Support services represent the cost of facility operation and maintenance, information services and business administration.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Library Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursement for library activities is for Public Services & Programs (mostly personnel costs and benefits) which account for 40.7 percent of all governmental disbursements. Collection Development & Processing represents about 7.9 percent. Please note that these percentages are skewed due to the large amount spent on capital outlay. Last year's percentages were 64.3 percent and 11.6 percent respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by taxpayers. These net costs are paid from the general receipts which are presented 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)

	Library Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016	2016	2015	2015
Public Services & Programs	\$976,917	\$976,917	\$916,952	\$916,952
Collection Development & Processing	189,078	153,717	164,859	124,606
Facilities Operation & Maintenance	81,863	81,863	103,779	103,779
Information Services	87,486	87,486	88,529	88,529
Business Administration	73,245	73,245	82,566	82,566
Capital Outlay	994,485	994,485	69,391	69,391
Total Expenses	\$2,403,074	\$2,367,713	\$1,426,076	\$1,385,823

The dependence upon the property tax and public library funding receipts is apparent as approximately 96.4 percent of library activities are supported through these general receipts.

The Library's Funds

Total Library funds had receipts of \$1,596,789 and disbursements of \$2,403,074. The fund balance of the General Fund decreased \$59,115. General Fund receipts were more than disbursements by \$140,885 indicating that the General Fund is in a positive spending situation but had a transfer out of \$200,000.

General Fund Budgeting Highlights

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

Assets and Debt Administration

Assets

The Library currently maintains an asset inventory program in coordination with the Uniform Accounting Network (UAN) supplied by the Ohio Auditor of State. Items which exceed \$100 are tagged with an asset tag number and recorded as an asset in the inventory system along with data pertinent to the purchased item.

Debt

As of December 31, 2016, the Library has no outstanding debt.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on public library funds received from the state. With the state's dwindling resources, the formula for our funding of the public library fund is ever changing. We also rely heavily on property taxes that are dwindling due to reduced property evaluations. Our industrial base is limited which is detrimental to our funding. These facts highlight our dependence on our current receipts and the necessity to provide relevant materials, programs and educational resources while maintaining open communication with our voters who support the library.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, contributors, 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 Kenneth W. Cornelius, Fiscal Officer, Barberton Public Library, 602 W. Park Ave., Barberton, Ohio 44203.

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 768,885
<i>Total Assets</i>	768,885
 Net Position	
Restricted for:	
Capital Projects	39,301
Unrestricted	729,584
<i>Total Net Position</i>	\$ 768,885

See accompanying notes to the basic financial statements

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	<u>Program Cash Receipts</u>				<u>Net (Disbursements)</u> <u>Receipts and Changes in</u> <u>Net Position</u>
	<u>Cash</u> <u>Disbursements</u>	<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities					
Current:					
Library Services:					
Public Services and Programs	\$ 976,917	\$ 35,361	\$ 4,281	\$ 3,200	\$ (934,075)
Collection Development and Processing	189,078	-	-	-	(189,078)
Support Services:					
Facilities Operation and Maintenance	81,863	-	-	-	(81,863)
Information Services	87,486	-	-	-	(87,486)
Business Administration	73,245	-	-	-	(73,245)
Capital Outlay	994,485	-	-	-	(994,485)
<i>Total Governmental Activities</i>	<u>\$ 2,403,074</u>	<u>\$ 35,361</u>	<u>\$ 4,281</u>	<u>\$ 3,200</u>	<u>(2,360,232)</u>
General Receipts:					
Property Taxes Levied for General Purposes					573,827
Grants/Entitlements not Restricted to Specific Programs					965,497
Unrestricted Gifts and Contributions					6,201
Earnings on Investments					3,596
Miscellaneous					4,826
<i>Total General Receipts</i>					<u>1,553,947</u>
Change in Net Position					(806,285)
<i>Net Position Beginning of Year</i>					<u>1,575,170</u>
<i>Net Position End of Year</i>					<u>\$ 768,885</u>

See accompanying notes to the basic financial statements

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 729,584	\$ 39,301	\$ -	\$ 768,885
<i>Total Assets</i>	<u>729,584</u>	<u>39,301</u>	<u>-</u>	<u>768,885</u>
Fund Balances				
Committed	-	39,301	-	39,301
Unassigned (Deficit)	729,584	-	-	729,584
<i>Total Fund Balances</i>	<u>\$ 729,584</u>	<u>\$ 39,301</u>	<u>\$ -</u>	<u>\$ 768,885</u>

See accompanying notes to the basic financial statements

**BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY**

*Statement of Receipts, Disbursements, And
Changes in Fund Balance (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 577,027	\$ -	\$ -	\$ 577,027
Public Library	888,354	-	-	888,354
Intergovernmental	77,143	-	-	77,143
Patron Fines and Fees	35,361	-	-	35,361
Contributions, Gifts and Donations	10,482	-	-	10,482
Earnings on Investments	3,596	-	-	3,596
Miscellaneous	4,826	-	-	4,826
<i>Total Cash Receipts</i>	<u>1,596,789</u>	<u>-</u>	<u>-</u>	<u>1,596,789</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	976,917	-	-	976,917
Collection Development and Processing	189,078	-	-	189,078
Support Services:				
Facilities Operation and Maintenance	81,863	-	-	81,863
Information Services	87,486	-	-	87,486
Business Administration	73,245	-	-	73,245
Capital Outlay	47,315	926,256	20,914	994,485
<i>Total Cash Disbursements</i>	<u>1,455,904</u>	<u>926,256</u>	<u>20,914</u>	<u>2,403,074</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	200,000	-	200,000
Transfers Out	(200,000)	-	-	(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(200,000)</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	(59,115)	(726,256)	(20,914)	(806,285)
<i>Fund Cash Balance, January 1</i>	<u>788,699</u>	<u>765,557</u>	<u>20,914</u>	<u>1,575,170</u>
Fund Cash Balance, December 31				
Committed	-	39,301	-	39,301
Unassigned	729,584	-	-	729,584
<i>Fund Cash Balance, December 31</i>	<u>\$ 729,584</u>	<u>\$ 39,301</u>	<u>\$ -</u>	<u>\$ 768,885</u>

See accompanying notes to the basic financial statements

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 583,200	\$ 583,200	\$ 577,027	\$ (6,173)
Public Library	912,500	912,500	888,354	(24,146)
Intergovernmental	65,000	65,000	77,143	12,143
Patron Fines and Fees	43,000	43,000	35,361	(7,639)
Contributions, Gifts and Donations	8,750	8,750	10,482	1,732
Earnings on Investments	3,000	3,000	3,596	596
Miscellaneous	6,250	6,250	4,826	(1,424)
<i>Total Receipts</i>	<u>1,621,700</u>	<u>1,621,700</u>	<u>1,596,789</u>	<u>(24,911)</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	997,250	999,650	976,917	22,733
Collection Development and Processing	214,525	214,025	189,078	24,947
Support Services:				
Facilities Operation and Maintenance	174,600	172,600	81,863	90,737
Information Services	102,000	102,000	87,486	14,514
Business Administration	96,300	95,250	73,245	22,005
Capital Outlay	60,000	60,000	47,315	12,685
<i>Total Disbursements</i>	<u>1,644,675</u>	<u>1,643,525</u>	<u>1,455,904</u>	<u>187,621</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,975)</u>	<u>(21,825)</u>	<u>140,885</u>	<u>162,710</u>
Other Financing Sources (Uses)				
Transfers Out	(150,000)	(150,000)	(200,000)	(50,000)
Other Financing Uses	11,325	(15,875)	-	15,875
<i>Total Other Financing Sources (Uses)</i>	<u>(138,675)</u>	<u>(165,875)</u>	<u>(200,000)</u>	<u>(34,125)</u>
<i>Net Change in Fund Balance</i>	(161,650)	(187,700)	(59,115)	128,585
<i>Unencumbered Fund Balance Beginning of Year</i>	788,699	788,699	788,699	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 627,049</u>	<u>\$ 600,999</u>	<u>\$ 729,584</u>	<u>\$ 128,585</u>

See accompanying notes to the basic financial statements

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 1 – Description of the Library and Reporting Entity

The Barberton Public Library (the Library) was organized as a school district public library in 1903 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the Barberton City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

Our library receives public support primarily from a dedicated portion of the state income and sales tax (designated as the Public Library Fund) as well as real estate taxes. This revenue does not always keep pace with the library's expenses. Recognizing the library needs a variety of sources of funding, the Board of Trustees established an Endowment Fund on December 22, 2003. The fund's purpose is "to seek, receive and administer gifts, bequests and donations for the support and preservation of the Barberton Public Library beyond the level of taxpayer responsibility and in a manner consistent with the mission and goals of the library".

The Barberton Community Foundation has been chosen as the administrator of this fund. Funds are donated, gifted or bequeathed directly to the Foundation. The Foundation, through its Board of Trustees or its designee, invests and reinvests the assets in the Fund in a manner consistent with the Foundation's investment policy and applicable state and federal laws. The Library Board of Trustees has no part in the appointment of the Foundation's Board nor does the Library Board of Trustees have a say in the investments of the Foundation's Library Fund assets. No Library Trustees serve on the Foundation's Board. The Library is annually offered 5% of the balance in the fund at the end of the year. The Library received \$458.84 in 2016. Any funds received from the Foundation are included in the financial statements of the Library. The balance in the Fund as of September 30, 2016 was \$12,757.10.

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statement 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. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

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

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

Fund Accounting

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

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

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Projects Fund – Building, Repair & Equipment This fund is designated for significant building projects or for major repairs and equipment purchases. Funding is generated by Board of Library Trustee action through resolution transfer of funds from the General Fund.

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

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. Any such modifications made by the Library are described in the appropriate section in this note.

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

Budgetary Process

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

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

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

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."

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2016, the Library invested in nonnegotiable certificates of deposit (CDs) and certificates of deposit account registry service (CDARS). These investments are reported at cost.

The Library's money market account with Huntington Bank was closed on November 11, 2016 and the balance of \$505,239.60 was deposited into the Library's main checking account with First Merit.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the General Fund during 2016 was \$3,596.

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. The Library has no restricted assets.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. The Library reported no interfund advances-in and advances-out in the accompanying financial statements.

Accumulated Leave

Upon leaving employment for retirement, employees who have at least 15 years of service are entitled to cash payments for 25 per cent of their unused sick leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balance

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

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. It also includes the long-term amount of interfund loans.

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

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

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

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

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 2 - Summary of Significant Accounting Policies (Continued)

Internal Activity

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

Note 3 – Accountability and Compliance

Accountability

The Library did not have any deficit fund balances/net position. There were no instances where disbursements in any fund exceeded the appropriation set for that fund.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The 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.

Note 5 – Deposits and Investments

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

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

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

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

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;

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 5 – Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the 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 \$360.00 (used as petty cash) in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 5 – Deposits and Investments (Continued)

Deposits

Huntington National Bank is the holder of the Library's primary checking account. Huntington collateralizes public deposits in excess of \$250,000 in FDIC insurance. Custodian of pool securities for the Huntington National Bank's pooled collateral accounts is the Federal Reserve Bank of Boston.

Investments

The library reports their investments at cost. As of December 31, 2016, the Library had the following \$400,000 CDARS investments with the Huntington National Bank:

Purchased	Matures on	Interest Rate	Current Value
03/10/16	03/09/17	0.55%	\$100,000
04/21/16	04/20/17	0.55%	\$200,000
10/20/16	10/19/17	0.62%	\$100,000

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library certificates of deposits are purchased through the Huntington National Bank and placed as our agent and custodian through CDARS with FDIC insured depository institutions.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 6 – Grants in Aid, Property Taxes, and Tax Abatements

Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year. The County Budget Commission bases the amount for distribution on a formula as developed by mutual agreement by all libraries within the county. The County Budget Commission cannot reduce its allocation of these funds based on any additional revenues the Library receives.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$1.95 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$322,091,440
Public Utility Personal Property	<u>12,805,850</u>
Total	<u><u>\$334,897,290</u></u>

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 7 – Interfund Balances and Transfers

Transfers

During 2016, \$200,000 was transferred from the General Fund (Fund 1000) to the Capital Projects Fund Building Repair and Equipment (Fund 4001).

Transfers were determined to be allowable and in compliance with the Ohio Revised Code.

Note 8 - 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 2016, the Library contracted with Love Insurance Agency for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Ohio Plan Risk Management, Inc	Property	\$5,145,816
	General Umbrella Liability	2,000,000
	Library Materials	2,866,210
	Crime	25,000
	General Liability, in aggregate	4,000,000
	General Liability, per occurrence	2,000,000
	Auto Insurance, single limit	2,000,000
	Auto Insurance, uninsured	Not Covered
	Employee Dishonesty	100,000
	Zurich North America Surety	Fiscal Officer's Bond
Deputy Fiscal Officer's Bond		25,000

The Library has not had any claims in any of the last three years and there has been no reduction in coverage from the prior year.

The Library participates in the Cincinnati USA Regional Chamber Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for all entities in the GRP rather than its individual rate. Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 9 - Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a 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, including requirements for reduced and unreduced benefits):

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 9 - Defined Benefit Pension Plan (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS) (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.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 9 - Defined Benefit Pension Plan (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

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

The Library's contractually required contribution was \$104,852.68 for year 2016.

Note 10 - 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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 45. See OPERS' CAFR referenced below for additional information.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 10 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. 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 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$14,979, \$7,061, and \$7,521, respectively. The full amount has been contributed for all three years.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

Note 11 – Construction and Contractual Commitments

The Library has a balance of \$22,680.66 as December 31, 2016, left on its contract with Millstone Management Group due upon completion of its construction responsibilities. The Library also maintains an escrow account in the name of the Library and Millstone Management Group with First Merit Bank as the escrow agent. The amount in the account as of December 31, 2016 was \$48,066.38. This balance will be distributed upon completion of Millstone Management Groups construction responsibilities.

Note 12 – Related Organizations

The Friends of the Barberton Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library. Natalie Genet and Patricia Warner, Library Trustees, were members of this organization but were not members of their board.

Note 13 – Fund Balances

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

Fund Balances	General	Capital Projects Building, Repair & Equipment Fund	Total
Committed to			
Building Construction Project	\$ -	\$ 39,301	\$ 39,301
Unassigned	729,584	-	729,584
<i>Total Fund Balances</i>	\$ 729,584	\$ 39,301	\$ 768,885

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

This discussion and analysis of the Barberton Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2015, 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 2015 are as follows:

Net position of Library activities decreased \$21,883, or 1.4 percent. The decrease was due to initial expenses involved in the building expansion project.

The Library's general receipts are primarily property taxes and public library funding. These receipts represent respectively 32.6 and 63.3 percent of the total cash received for governmental activities during the year.

The public passed a 5-year renewal with an increase levy in May for the Library.

The Library designed and implemented a new website which is ADA compliant.

The Library renovated unused mezzanine space into two much needed quiet study rooms.

The process of building an addition onto the library was initiated. Unfortunately, the addition was tabled due to a very tight bidding environment after two unsuccessful bidding attempts. The process of rebidding the project will be attempted in early 2016.

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 financial statements are an integral part of the Library's 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.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

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

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2015, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the Library at year end. The statement of activities compares cash disbursements with program receipts for each Library program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Library function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well 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 taxes and public library funding.

In the statement of net position and the statement of activities, the Library's activities include basic services, including the purchase of books, circulating materials and public services. Property taxes and public library funding finance most of these activities. Benefits provided through the Library's activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are reported as governmental funds as of December 31, 2015.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Library's 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 has two major governmental funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2015 compared to 2014 on a cash basis:

(Table 1)

Net Position

	Governmental Activities	
	2015	2014
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,575,170	\$1,597,053
Total Assets	\$1,575,170	\$1,597,053
Net Assets		
Restricted for:		
Capital Projects	\$786,471	\$346,074
Unrestricted	788,699	1,250,979
Total Net Position	\$1,575,170	\$1,597,053

As mentioned previously, net position of governmental activities decreased \$21,883, or 1.4 percent during 2015. The primary reason contributing to the decrease in cash balances was the initial expenses involved with the building addition project.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Table 2 reflects the changes in net position on a cash basis in 2015 and 2014 for Library activities.

(Table 2)
Changes in Net Position

	Library Activities	
	2015	2014
Receipts:		
Program Receipts:		
Patron Fines and Fees	\$40,253	\$39,982
Operating Grants and Contributions	7,734	
Capital Grants and Contributions	1,000	
Total Program Receipts	48,987	39,982
General Receipts:		
Property Taxes Levied for General Purposes	391,447	470,267
Grants/Entitlements not Restricted to Specific Programs	954,712	799,983
Unrestricted Gifts and Contributions	341	4,334
Earnings on Investments	2,369	2,446
Miscellaneous	6,337	9,317
Total General Receipts	1,355,206	1,286,347
Total Receipts	1,404,193	1,326,329
Disbursements:		
Library Services	1,081,811	1,043,810
Support Services	274,874	241,184
Capital Outlay	69,391	26,415
Total Disbursements	1,426,076	1,311,409
Increase (Decrease) in Net Position	(21,883)	14,920
<i>Net Position, January 1, 2015</i>	1,597,053	1,582,133
<i>Net Position, December 31, 2015</i>	\$1,575,170	\$1,597,053

Program receipts represent only 2.9 percent of total receipts and are primarily comprised of patron fines and fees.

General receipts represent 97.1 percent of the Library's total receipts, and of this amount, 63.3 percent is derived from the Public Library funding and 32.6 percent from local property taxes. Other receipts are very insignificant and somewhat of an unpredictable revenue sources.

Disbursements for Library Services include all payrolls, programs and the purchase of patron material. Support services represent the cost of facility operation and maintenance, information services and business administration.

Barberton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Library Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursement for library activities is for Public Services & Programs (mostly personnel costs and benefits) which account for 64.3 percent of all governmental disbursements. Collection Development & Processing represents about 11.6 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by taxpayers. These net costs are paid from the general receipts which are presented 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)

	Library Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2014	2014
Public Services & Programs	\$916,952	\$916,952	\$884,361	\$838,764
Collection Development & Processing	164,859	124,606	159,449	159,449
Facilities Operation & Maintenance	103,779	103,779	92,082	92,082
Information Services	88,529	88,529	84,317	84,317
Business Administration	82,566	82,566	64,785	64,785
Capital Outlay	69,391	69,391	26,415	26,415
Total Expenses	\$1,426,076	\$1,385,823	\$1,311,409	\$1,265,812

The dependence upon the property tax and public library funding receipts is apparent as approximately 94.5 percent of library activities are supported through these general receipts.

The Library's Funds

Total Library funds had receipts of \$1,404,193 and disbursements of \$1,866,473. The fund balance of the General Fund decreased \$462,280. General Fund receipts were more than disbursements by \$37,720 indicating that the General Fund is in a positive spending situation but had a transfer out of \$500,000.

General Fund Budgeting Highlights

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

Assets and Debt Administration

Assets

The Library currently maintains an asset inventory program in coordination with the Uniform Accounting Network (UAN) supplied by the Ohio Auditor of State. Items which exceed \$100 are tagged with an asset tag number and recorded as an asset in the inventory system along with data pertinent to the purchased item.

Debt

As of December 31, 2015, the Library has no outstanding debt.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on public library funds received from the state. With the state's dwindling resources, the formula for our funding of the public library fund is ever changing. We also rely heavily on property taxes that are dwindling due to reduced property evaluations. Our industrial base is limited which is detrimental to our funding. These facts highlight our dependence on our current receipts and the necessity to provide relevant materials, programs and educational resources while maintaining open communication with our voters who support the library.

As previously mentioned, the process of building an addition onto the library was initiated but unfortunately was tabled after two unsuccessful bidding attempts due to a very tight bidding environment. The challenge will be to rebid the building addition project and receive several bids within our budgetary constraints.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, contributors, 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 Kenneth W. Cornelius, Fiscal Officer, Barberton Public Library, 602 W. Park Ave., Barberton, Ohio 44203.

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,575,170
<i>Total Assets</i>	<i>1,575,170</i>
 Net Position	
Restricted for:	
Capital Projects	786,471
Unrestricted	788,699
<i>Total Net Position</i>	<i>\$ 1,575,170</i>

See accompanying notes to the basic financial statements

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities					
Current:					
Library Services:					
Public Services and Programs	\$ 916,952	\$ 40,253	\$ 7,734	\$ 1,000	\$ (867,965)
Collection Development and Processing	164,859	-	-	-	(164,859)
Support Services:					
Facilities Operation and Maintenance	103,779	-	-	-	(103,779)
Information Services	88,529	-	-	-	(88,529)
Business Administration	82,566	-	-	-	(82,566)
Capital Outlay	69,391	-	-	-	(69,391)
Total Governmental Activities	\$ 1,426,076	\$ 40,253	\$ 7,734	\$ 1,000	\$ (1,377,089)
General Receipts:					
Property Taxes Levied for General Purposes					391,447
Grants/Entitlements not Restricted to Specific Programs					954,712
Unrestricted Gifts and Contributions					341
Earnings on Investments					2,369
Miscellaneous					6,337
Total General Receipts					1,355,206
Change in Net Position					(21,883)
Net Position Beginning of Year					1,597,053
Net Position End of Year					\$ 1,575,170

See accompanying notes to the basic financial statements

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 788,699	\$ 765,557	\$ 20,914	\$ 1,575,170
<i>Total Assets</i>	<u>788,699</u>	<u>765,557</u>	<u>20,914</u>	<u>1,575,170</u>
Fund Balances				
Committed	-	765,557	20,914	786,471
Unassigned (Deficit)	788,699	-	-	788,699
<i>Total Fund Balances</i>	<u>\$ 788,699</u>	<u>\$ 765,557</u>	<u>\$ 20,914</u>	<u>\$ 1,575,170</u>

See accompanying notes to the basic financial statements

**BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY**

*Statement of Receipts, Disbursements, And
Changes in Fund Balance (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 392,447	\$ -	\$ -	\$ 392,447
Public Library	888,813	-	-	888,813
Intergovernmental	65,899	-	-	65,899
Patron Fines and Fees	40,253	-	-	40,253
Contributions, Gifts and Donations	8,075	-	-	8,075
Earnings on Investments	2,369	-	-	2,369
Miscellaneous	6,337	-	-	6,337
<i>Total Cash Receipts</i>	<u>1,404,193</u>	<u>-</u>	<u>-</u>	<u>1,404,193</u>
Cash Disbursements				
Current:				
Library Services				
Public Services and Programs	916,952	-	-	916,952
Collection Development and Processing	164,859	-	-	164,859
Support Services:				
Facilities Operation and Maintenance	103,779	-	-	103,779
Information Services	88,529	-	-	88,529
Business Administration	82,566	-	-	82,566
Capital Outlay	9,788	59,603	-	69,391
<i>Total Cash Disbursements</i>	<u>1,366,473</u>	<u>59,603</u>	<u>-</u>	<u>1,426,076</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	37,720	(59,603)	-	(21,883)
Other Financing Receipts (Disbursements)				
Transfers In	-	490,000	10,000	500,000
Transfer Out	(500,000)	-	-	(500,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(500,000)</u>	<u>490,000</u>	<u>10,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	(462,280)	430,397	10,000	(21,883)
<i>Fund Cash Balance, January 1</i>	<u>1,250,979</u>	<u>335,160</u>	<u>10,914</u>	<u>1,597,053</u>
Fund Cash Balance, December 31				
Committed	-	765,557	20,914	786,471
Unassigned	788,699	-	-	788,699
<i>Fund Cash Balance, December 31</i>	<u>\$ 788,699</u>	<u>\$ 765,557</u>	<u>\$ 20,914</u>	<u>\$ 1,575,170</u>

See accompanying notes to the basic financial statements

BARBERTON PUBLIC LIBRARY
SUMMIT COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 393,971	\$ 393,971	\$ 392,447	\$ (1,524)
Public Library	838,000	838,000	888,813	50,813
Intergovernmental	65,000	65,000	65,899	899
Patron Fines and Fees	35,000	35,000	40,253	5,253
Contributions, Gifts and Donations	3,000	3,000	8,075	5,075
Earnings on Investments	2,500	2,500	2,369	(131)
Miscellaneous	5,650	5,650	6,337	687
<i>Total Receipts</i>	<u>1,343,121</u>	<u>1,343,121</u>	<u>1,404,193</u>	<u>61,072</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	925,725	927,925	916,952	10,973
Collection Development and Processing	179,535	181,035	164,859	16,176
Support Services:				
Facilities Operation and Maintenance	144,600	179,600	103,779	75,821
Information Services	96,000	98,000	88,529	9,471
Business Administration	85,550	85,550	82,566	2,984
Capital Outlay	12,000	53,000	9,788	43,212
<i>Total Disbursements</i>	<u>1,443,410</u>	<u>1,525,110</u>	<u>1,366,473</u>	<u>158,637</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(100,289)</u>	<u>(181,989)</u>	<u>37,720</u>	<u>219,709</u>
Other Financing Sources (Uses)				
Transfers Out	(200,000)	(275,000)	(500,000)	(225,000)
Other Financing Uses	(1,000)	(9,849)	-	9,849
<i>Total Other Financing Sources (Uses)</i>	<u>(201,000)</u>	<u>(284,849)</u>	<u>(500,000)</u>	<u>(215,151)</u>
<i>Net Change in Fund Balance</i>	(301,289)	(466,838)	(462,280)	4,558
<i>Unencumbered Fund Balance Beginning of Year</i>	1,250,979	1,250,979	1,250,979	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 949,690</u>	<u>\$ 784,141</u>	<u>\$ 788,699</u>	<u>\$ 4,558</u>

See accompanying notes to the basic financial statements

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 1 – Description of the Library and Reporting Entity

The Barberton Public Library was organized as a school district public library in 1903 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Barberton City School's Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the Barberton Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library is not legally entitled to nor can it otherwise access the organization's resources. Therefore, this organization has been excluded from the reporting entity of the Library.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 1 – Description of the Library and Reporting Entity (Continued)

Our library receives public support primarily from a dedicated portion of the state income and sales tax (designated as the Public Library Fund) as well as real estate taxes. This revenue does not always keep pace with the library's expenses. Recognizing the library needs a variety of sources of funding, the Board of Trustees established an Endowment Fund on December 22, 2003. The fund's purpose is "to seek, receive and administer gifts, bequests and donations for the support and preservation of the Barberton Public Library beyond the level of taxpayer responsibility and in a manner consistent with the mission and goals of the library". The **Barberton Community Foundation** has been chosen as the administrator of this fund. Funds are donated, gifted or bequested directly to the Foundation. The Foundation, through its Board of Trustees or its designee, invests and reinvests the assets in the Fund in a manner consistent with the Foundation's investment policy and applicable state and federal laws. The Library Board of Trustees has no part in the appointment of the Foundation's Board nor does the Library Board of Trustees have a say in the investments of the Foundation's Library Fund assets. No Library Trustees serve on the Foundation's Board. The Library is annually offered 5% of the balance in the fund at the end of the year. The Library declined any funds in 2015. Any funds received from the Foundation are included in the financial statements of the Library. The balance in the Fund as of September 30, 2015 is \$11,112.25.

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 Note 2, the financial statements of the Barberton Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

The statement of Net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Library activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of Net position presents the cash and investment balances of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Note 2 - Summary of Significant Accounting Policies (Continued)

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Government-wide Financial Statements (Continued)

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 or business-type activity is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

General Fund - The general fund accounts for all financial resources except those required to be accounted for 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.

Capital Projects Fund - Building, Repair & Equipment - This fund is designated for significant building projects or for major repairs and equipment purchases. Funding is generated by Board of Library Trustees action through resolution transfer of funds from the General Fund.

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

Basis of Accounting

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

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

Cash and Cash Equivalents

Library records identify the purchase of specific investments by specific funds.

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2015, investments were limited to nonnegotiable certificates of deposits (CD's) and certificates of deposit account registry service (CDARS). These investments are recorded at cost.

The Library's money market fund investment is recorded at amounts reported by Huntington National Bank on December 31, 2015.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2015 amounted to \$2,369.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

Inventory and Prepaid Items

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

Capital Assets

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

Fund Balance

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

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. It also includes the long-term amount of interfund loans.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. The Library reported no interfund advances-in and advances-out in the accompanying financial statements.

Accumulated Leave

Upon leaving employment for retirement, employees who have at least 15 years of service are entitled to cash payments for 25 per cent of their unused sick leave. Unpaid leave is not reflected as a liability under the Library's modified 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 post-retirement health care benefits.

Net Position

Net position is reported as restricted where there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for special revenue funds.

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 Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Capital Projects Fund – Building, Repair and Equipment has \$46,275.00 in reserves established for encumbrances on December 31, 2015.

Interfund Transactions

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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 is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis).

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

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

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

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

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 4 - Deposits and Investments (Continued)

7. The State Treasurer's investment pool (STAR Ohio);
8. Certificates of Deposits (CDs) properly insured through FDIC or suitable collateralization, including the Certificate of Deposit Account Registry Services (CDARS). Effective March 4, 2006, the Ohio General Assembly created Ohio Revised Code 135.144 permitting the Library to use the CDARS. Each bank accepts less than the FDIC limit so all deposits have FDIC coverage; and
9. Commercial Paper and bankers acceptances if Ohio Revised Code training requirements have been met.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$360.00 (used for petty cash) in undeposited cash on hand which is included as part Equity in Pooled Cash and Cash Equivalents on the financial statements.

Deposits

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

Investments

The Library reports investments at cost. As of December 31, 2015, the Library had the following \$890,000 CDARS investments with Huntington National Bank and \$500,000 certificate of deposit with First Merit Bank:

<u>Purchased</u>	<u>Matures on</u>	<u>Interest Rate</u>	<u>Current Value</u>
3/12/2015	3/10/2016	0.40%	\$ 100,000
4/23/2015	4/21/2016	0.35%	200,000
10/8/2015	10/6/2016	0.43%	100,000
10/22/2015	1/21/2016	0.10%	290,000
10/22/2015	10/20/2016	0.45%	200,000
10/13/2015	1/11/2016	0.10%	500,000

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 5 – Grants-In-Aid and Property Taxes

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. The County Budget Commission bases the amount for distribution on a formula as developed by mutual agreement by all libraries within the county. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Barberton City School District. Real property tax receipts received in 2015 represents the collection of the 2014 taxes. Real property taxes received in 2015 were levied after October 1, 2014 on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax payments received in 2015 represent the collection of 2014 taxes. Public utility real and tangible personal property taxes which became a lien on December 31, 2014, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

2014 real property taxes are collected in and intended to finance 2015.

The full tax rate for all Library operations for the year ended December 31, 2014 was \$1.37 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2015 property tax receipts were based are as follows:

Real Property	\$ 256,054,220
Other Real Value	69,534,650
Public Utility Property	12,267,780
Total Assessed Values	<u>\$ 337,856,650</u>

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

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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 2015, the Library contracted with The Ohio Plan through Love Insurance for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Plan Risk Management	Commercial Property	\$5,603,904
	General Liability	2,000,000
	Commercial Crime	25,000
	Inland Marine	25,000
	Errors and Omissions	2,000,000
	Library Officials	2,000,000
	Fidelity and Deposit	75,000

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.

Note 7 - Defined Benefit Pension Plan

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained 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 statutory authority for member and employer contributions. For the year ended December 31, 2015, members in state and local classifications contributed 10 percent of covered payroll.

The Library's contribution rate for 2015 was 14 percent of covered payroll. A portion of the Library's contribution equal to 1 percent was allocated to fund the postemployment health care plan through December 31, 2015. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library at 14 percent.

**Barberton Public Library
Summit County**

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

Note 7 - Defined Benefit Pension Plan (Continued)

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2015, 2014, and 2013, were \$98,854, \$105,300, and \$90,733, respectively. The full amount has been contributed for 2015, 2014, and 2013.

Note 8 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained 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 postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 1 percent of covered payroll through December 31, 2015.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2015, 2014, and 2013 were \$7,061, \$7,521, and \$6,481, respectively. The full amount has been contributed for 2015, 2014, and 2013.

Note 9 – Interfund Transfers

There were two interfund transfers in 2015. The Library transferred \$490,000.00 from the General Fund (Fund 1000) into the Capital Projects – Building, Repair and Equipment Fund (Fund 4001). The Library also transferred \$10,000.00 from the General Fund (Fund 1000) into the Capital Projects – 619 W. Tuscarawas Fund (Fund 4004).



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

June 23, 2017

Barberton Public Library
Summit County
602 W. Park Avenue
Barberton, Ohio 44203

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Governmental Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Barberton Public Library**, Summit County (the Library) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 23, 2017, wherein we noted the Library used a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • Auditor of State

BARBERTON PUBLIC LIBRARY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 14, 2017**