



Dave Yost • Auditor of State

LOUISVILLE PUBLIC LIBRARY
STARK COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Louisville Public Library
Stark County
700 Lincoln Avenue
Louisville, Ohio 44641

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Louisville Public Library, Stark County, Ohio (the Library), as of and for the year ended December 31, 2016, 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 2C 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.

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 and each major fund of the Louisville Public Library, Stark County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2C.

Accounting Basis

We draw attention to Note 2C 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

Our audit was conducted to opine on the financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 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.



Dave Yost
Auditor of State
Columbus, Ohio

April 18, 2017

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

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

Net Position of the Library's activities increased \$50,594 or 7% in 2016.

The Library's general receipts are the Public Library Fund (PLF) and Property Tax Levy receipts. These receipts represent 56% and 30% of the total cash received for governmental activities during 2016. PLF tax receipts decreased in 2016 by \$5,947 compared to 2015. Property Tax receipts increased in 2016 by \$7,469.

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

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Library as a Whole

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

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

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

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

Reporting the Library's Most Significant Funds

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

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

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

The Library as a Whole

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

(Table 1)
Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Cash and Cash Equivalents	<u>\$ 790,937</u>	<u>\$ 740,343</u>
 Net Position		
Restricted for:		
Other Purposes	2,408	2,471
Unrestricted	<u>788,529</u>	<u>737,872</u>
Total Net Position	<u>\$ 790,937</u>	<u>\$ 740,343</u>

Louisville 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 governmental activities.

(Table 2)
Changes in Net Position

	Governmental Activities	
	2016	2015
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 35,278	\$ 38,189
Operating Grants and Contributions	4,296	2,392
Capital Grants and Contributions	52	22,723
Total Program Receipts	<u>39,626</u>	<u>63,304</u>
General Receipts:		
Public Library Fund	528,763	534,710
Property & Other Local Taxes	280,878	273,384
Unrestricted Gifts and Contributions	1,758	1,714
Grants and Entitlements Not Restricted to Specific Programs	51,044	77,945
Interest	2,104	1,210
Miscellaneous	33,844	20,344
Total General Receipts	<u>898,391</u>	<u>909,307</u>
Total Receipts	<u>938,017</u>	<u>972,611</u>
Disbursements:		
Library Services	884,235	914,814
Capital Outlay	3,188	10,819
Total Disbursements	<u>887,423</u>	<u>925,633</u>
Increase (Decrease) in Net Position	50,594	46,978
Net Position, January 1	<u>740,343</u>	<u>693,365</u>
Net Position, December 31	<u>\$ 790,937</u>	<u>\$ 740,343</u>

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

Program receipts represent only 4% of total receipts for the year 2016. Program receipts for the year 2016 are primarily comprised of patron fines and fees and services provided to other entities and contributions.

General receipts represent 96% of the Library's total receipts for the year 2016. PLF makes up the majority of the Library's receipts, 56% for the year 2016. Property tax receipts make up 30% for 2016. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for overall Library Services which account for 99% of all governmental disbursements. The next column of the Statement of Activities entitled Program Receipts identify amounts paid by people who are directly charged for the service by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided primarily by the State. These net costs are paid from the general receipts which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2016	2016
Library Services	\$ 914,814	\$ 851,510	\$ 884,235	\$ 844,609
Capital Outlay	10,819	10,819	3,188	3,188
Total Expenses	\$ 925,633	\$ 862,329	\$ 887,423	\$ 847,797

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

The Library's Funds

For the year 2016, total governmental funds had receipts, excluding other financing sources, of \$938,017 and disbursements, excluding other financing uses, of \$887,423.

General Fund receipts were more than disbursements by \$48,793 for 2016.

General Fund Budgeting Highlights

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

Final disbursements for 2016 were budgeted at \$980,273 while actual disbursements were \$902,022.

Current Issues

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

We rely heavily on the PLF and have very little control over that. From PLF, we received \$481,789 in 2014, \$534,710 in 2015, and \$528,763 in 2016. We are to receive an estimated \$571,728 in 2017. The PLF estimate given to us from the state for 2017 shows an increase of \$42,965 in revenue from PLF receipts but state revenues are down. This is an old estimate. We did not receive what was estimated in the last several months of 2016 and it looks like this is going to hold true for the first several months of 2017.

Our operating tax levy passed in May 2015 and will continue to receive monies from this levy through 2020. A permanent improvement levy was on the ballot in November 2015. It did not pass. We put it back on the ballot again in March 2016 and it did not pass. The Library is currently considering a permanent levy to be placed on the special election in August 2017. The finance committee and the administration are budgeting and have budgeted for the slight increase in PLF and/or Property Tax receipts for 2017 but are being cautious.

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

Contacting the Library's Financial Management

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

Louisville Public Library
Statement of Net Position - Cash Basis
December 31, 2016

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$790,937</u>
<i>Total Assets</i>	<u><u>\$790,937</u></u>
Net Position	
Restricted for:	
Other Purposes	\$2,408
Unrestricted	<u>788,529</u>
<i>Total Net Position</i>	<u><u>\$790,937</u></u>

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net Receipts and Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Library Services	\$884,235	\$35,278	\$4,296	\$52	(\$844,609)
Capital Outlay	3,188				(3,188)
<i>Total Governmental Activities</i>	<u>887,423</u>	<u>35,278</u>	<u>4,296</u>	<u>52</u>	<u>(847,797)</u>
General Receipts:					
Property Taxes Levied for General Purposes					280,853
Other Local Taxes					25
Public Library Funds					528,763
Unrestricted Gifts and Contributions					1,758
Grants/Entitlements not Restricted to Specific Programs					51,044
Earnings on Investments					2,104
Miscellaneous					33,844
<i>Total General Receipts, Contributions to Permanent</i>					<u>898,391</u>
Change in Net Position					50,594
<i>Net Position Beginning of Year</i>					<u>740,343</u>
<i>Net Position End of Year</i>					<u>\$790,937</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Maintenance and Repair Fund</u>	<u>21st Century Building Fund</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$295,586</u>	<u>\$212,599</u>	<u>\$282,752</u>	<u>\$790,937</u>
<i>Total Assets</i>	<u><u>\$295,586</u></u>	<u><u>\$212,599</u></u>	<u><u>\$282,752</u></u>	<u><u>\$790,937</u></u>
Fund Balances				
Restricted	\$2,408		\$27,015	\$29,423
Committed		\$212,599	255,737	468,336
Assigned	14,599			14,599
Unassigned (Deficit)	<u>278,579</u>			<u>278,579</u>
<i>Total Fund Balances</i>	<u><u>\$295,586</u></u>	<u><u>\$212,599</u></u>	<u><u>\$282,752</u></u>	<u><u>\$790,937</u></u>

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Maintenance and Repair Fund	21st Century Building Fund	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$280,853			\$280,853
Public Library	528,763			528,763
Intergovernmental	51,044			51,044
Patron Fines and Fees	20,532			20,532
Services Provided to Other Entities	14,746			14,746
Contributions, Gifts and Donations	6,054		\$52	6,106
Earnings on Investments	355	\$751	998	2,104
Miscellaneous	33,869			33,869
<i>Total Receipts</i>	<u>936,216</u>	<u>751</u>	<u>1,050</u>	<u>938,017</u>
Disbursements				
Current:				
Library Services	884,235			884,235
Capital Outlay	3,188			3,188
<i>Total Disbursements</i>	<u>887,423</u>	<u>0</u>	<u>0</u>	<u>887,423</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>48,793</u>	<u>751</u>	<u>1,050</u>	<u>50,594</u>
<i>Net Change in Fund Balances</i>	48,793	751	1,050	50,594
<i>Fund Balances Beginning of Year</i>	<u>246,793</u>	<u>211,848</u>	<u>281,702</u>	<u>740,343</u>
<i>Fund Balances End of Year</i>	<u>\$295,586</u>	<u>\$212,599</u>	<u>\$282,752</u>	<u>\$790,937</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$271,678	\$271,679	\$280,853	\$9,174
Public Library	540,120	540,120	528,763	(11,357)
Intergovernmental	46,409	46,409	51,044	4,635
Patron Fines and Fees	22,850	22,850	20,532	(2,318)
Services Provided to Other Entities	14,800	14,800	14,746	(54)
Contributions, Gifts and Donations	3,225	3,225	6,054	2,829
Earnings on Investments	100	100	355	255
Miscellaneous	20,462	20,462	33,869	13,407
<i>Total Receipts</i>	<u>919,644</u>	<u>919,645</u>	<u>936,216</u>	<u>16,571</u>
Disbursements				
Current:				
Library Services	934,965	961,759	896,139	65,620
Capital Outlay	6,750	9,300	5,883	3,417
<i>Total Disbursements</i>	<u>941,715</u>	<u>971,059</u>	<u>902,022</u>	<u>69,037</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,071)</u>	<u>(51,414)</u>	<u>34,194</u>	<u>85,608</u>
Other Financing Sources (Uses)				
Other Financing Uses	(38,700)	(9,214)	0	9,214
<i>Total Other Financing Sources (Uses)</i>	<u>(38,700)</u>	<u>(9,214)</u>	<u>0</u>	<u>9,214</u>
<i>Net Change in Fund Balance</i>	<u>(60,771)</u>	<u>(60,628)</u>	<u>34,194</u>	<u>94,822</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	242,030	242,030	242,030	0
Prior Year Encumbrances Appropriated	4,762	4,762	4,762	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$186,021</u>	<u>\$186,164</u>	<u>\$280,986</u>	<u>\$94,822</u>

See accompanying notes to the basic financial statements

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**Louisville Public Library
Stark County**

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

Note 1 – Description of the Library and Reporting Entity

The Louisville Public Library was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own seven member Board of Trustees who are appointed by the Louisville City School District Board of Education. 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 Louisville City School District.

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

The Library participates in one joint venture organization, Louisville-Rodman Libraries Information Consortium. This organization is described in Note 11 of the Notes to the Basic Financial Statements. The Library terminated its participation in the Stark Libraries Information Consortium in 2016.

The Library participates in one public entity risk pool, the Stark County Schools Council of Government (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of 95 entities, most of which are school districts. The Library provides health insurance coverage through the Council. The Council also provides a Workers' Compensation group rating plan which is insurance purchasing pool, but the Library does not participate in this program. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. This organization is further described in Note 6 of the Notes to the Basic Financial Statements.

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

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

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Louisville Public Library 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. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

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

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.

B. 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.

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Capital Project Funds

Maintenance and Repair Fund - The Maintenance and Repair Fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements and major repairs and maintenance.

21st Century Building Fund - The 21st Century Building Fund accounts for monies set aside by the Board of Library Trustees specifically to build a new library and community center. Donations for this purpose are also accepted into this Fund.

C. Basis of Accounting

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

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

D. 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, function, and object level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

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

Investments with 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 2016, investments were limited to nonnegotiable certificates of deposit.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the following funds for 2016 were:

Maintenance and Repair Fund amounted to \$751
21st Century Building Fund amounted to \$998
General Fund amounted to \$355

F. 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.

G. 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.

H. 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.

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

K. 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.

L. Long Term Obligations

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

M. Net Position

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

N. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**Louisville Public Library
Stark County**

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

Note 2 - Summary of Significant Accounting Policies (continued)

4. Assigned

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

5. Unassigned

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

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

O. Internal Activity

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

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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 – 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 as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$14,599 in 2016 for the General Fund.

**Louisville Public Library
Stark County**

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

Note 4 – Deposits and Investments

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

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

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

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

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

**Louisville Public Library
Stark County**

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

Note 4 – Deposits and Investments (continued)

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 December 31, 2016, the Library had \$150 in un-deposited cash on hand which is included as part of *Equity in Pooled Cash and Cash Equivalents* on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2016, \$471,000 of the Library's bank balance of \$800,006 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Library to a successful claim by FDIC.

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

As of December 31, 2016, the Library had no investments other than nonnegotiable certificates of deposit.

Note 5 –Grants-in-aid and Property Taxes

A. Grants in Aid

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

The Stark County Budget Commission allocates these funds to the Library based on a formula which incorporates square footage, full-time equivalent employees, expenditures for library materials and technology, total service area population and number of cardholders, door count and website visits, and circulation. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. During 2016 the Library received \$528,763 or 56%, of the Library's annual operating revenue from these funding sources.

**Louisville Public Library
Stark County**

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

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

B. 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 taxed 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. 201 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 \$1.00 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	\$344,858,700
Public Utility Personal Property	<u>13,297,960</u>
Total	\$358,156,660

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

Note 6 - Risk Management

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 Whitaker Myers Insurance for various types of insurance coverage as follows:

Building & Personal Property	\$2,656,628
General Liability (Occurrence/Aggregate)	1,000,000/3,000,000
Commercial Crime – Public Employee/Forgery Alteration	50,000/50,000
Inland Marine	30,000
Computer Coverage – Equipment/Media and Data	76,125/10,150
Vehicle – Personal Injury and Property Damage	1,000,000
Public Officials E&O (Occurrence/Aggregate)	1,000,000/3,000,000

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.

**Louisville Public Library
Stark County**

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

Note 6 - Risk Management (continued)

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

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of 95 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$653.54 for single coverage per employee per month for full time employees if elected. Of this amount, the employee contributes 25% or \$163.39. Family coverage is available but the employee contributes 100% of the difference between single and family coverage. The Library offers dental and vision coverage to the full time employees also but the employee contributes 100% of the premium. Financial information and statements can be obtained from the Stark County Schools Council of Governments, 2100 38th Street NW, Canton, OH 44709.

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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members 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 and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members 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):

**Louisville Public Library
Stark County**

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

Note 7 - Defined Benefit Pension Plan (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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

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

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

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

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

	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
	14.0 %
Total Employer	14.0 %
Employee	10.0 %

**Louisville Public Library
Stark County**

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

Note 7 - Defined Benefit Pension Plan (continued)

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

The Library's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2016, were \$66,041. The Library's required contributions for pension obligations to the member directed plans for the year ended December 31, 2016, were \$532. The full amount has been contributed for 2016.

Note 8 - Postemployment Benefits

A. Plan Description

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

OPERS maintains two cost-sharing multiple employer defined benefit post-employment healthcare trusts, which fund 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 healthcare coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see OPERS' CAFR referenced below for additional information.

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

Disclosures for the healthcare 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.

B. 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 for the funding of 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% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**Louisville Public Library
Stark County**

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

Note 8 - Postemployment Benefits Continued

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 contribution rate that will be set aside to fund healthcare plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both the Traditional Pension and Combined plans.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries to pay a portion of the health care benefits 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 %.

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 \$9,507, \$8,851, and \$8,279, respectively. The full amount has been contributed for all three years.

Note 9 – Leases

In 2016, the Library had an ongoing lease agreement with the Auditor of State's Office for the Uniform Accounting Network (UAN) software and computer hardware. UAN fees are calculated on the Library's total resources (unencumbered beginning of the year cash balances plus all receipts and other financing sources except inter-fund advances, transfers, and the proceeds from the sale of bonds, notes and other debt). In 2016, the Library paid UAN fees of \$3,048.

In 2016, the Library had an ongoing lease agreement with Comdoc for the Xerox WorkCentre7556 copier. It is a 60 month lease which was effective on August 22, 2014. In 2016, the Library paid \$4,068.

In 2016, the Library had an ongoing lease agreement with Pitney Bowes Global Financial for a DM100 Desktop Mailing System with Moistener postage machine. It is a 60 month lease effective December 20, 2011. The lease expired in December 2016, the Library paid \$528. The Library entered into a new lease agreement with Pitney Bowes Global Financial for a DM125 Desktop Digital Mailing System. It is a 60 month lease effective December 2016.

**Louisville Public Library
Stark County**

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

Note 10 – Contingent Liabilities

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

Note 11 – Joint Ventures

The Library entered into a contract with the Stark County District Library and the Massillon Public Library to form the Stark Libraries Information Consortium (SLIC). SLIC Executive Directors Council is the policy making Board for SLIC. Its members consist of the Directors, or their liaisons, of the member libraries. Directors are the voting members. The Stark County District Library purchased a new circulation system in 2013 called Sierra to improve customer access to library collections and allow access to additional items. This system is to be used in conjunction with Massillon Public Library and Louisville Public Library as part of the SLIC. The system hardware and software utilized by SLIC is titled to Stark County District Library. SLIC is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the Library. SLIC funding comes from the three member libraries and the Stark County District Library is responsible for dividing the cost on the other members based on a percentage of circulations. Complete financial information of SLIC can be obtained from Stark County District Library at 715 Market Ave. North, Canton, OH 44702-1018. The contract with the Stark County District Library and the Massillon Public Library terminated in 2016.

The Library entered into a contract with Rodman Public Library in 2016. It is for the circulation system used, Sierra, which is the same as what the Library was using in SLIC. The system hardware and software is titled to Rodman Public Library. The cost of this system is divided based on 2/3 paid by Rodman and 1/3 paid by the Louisville Library. This contract is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the Library.

Note 12 – Fund Balance

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	Repair and Maintenance Fund	21st Century Building Fund	Total
Restricted for				
LSTA Preservation Grant	\$ 2,408	\$ -	\$ -	\$ 2,408
Donations for New Library	-	-	27,015	27,015
<i>Total Restricted</i>	2,408	-	27,015	29,423
Committed to				
Repairs and Maintenance	-	212,599	-	212,599
New Library and Community Center	-	-	255,737	255,737
<i>Total Committed</i>	-	212,599	255,737	468,336
Assigned to				
Purchase Orders Carried Over	11,089	-	-	11,089
Unpaid Withholdings Carried Over	3,510	-	-	3,510
<i>Total Assigned</i>	14,599	-	-	14,599
Unassigned (Deficit)	<u>278,579</u>	<u>-</u>	<u>-</u>	<u>278,579</u>
<i>Total Fund Balances</i>	<u>\$ 295,586</u>	<u>\$ 212,599</u>	<u>\$ 282,752</u>	<u>\$ 790,937</u>

**Louisville Public Library
Stark County**

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

Note 13 – Subsequent Events/Tax Levy Collection

The Library is currently considering a permanent improvement levy to be placed on the special election ballot in August 2017. The levy would be for a rate not exceeding one and eighth tenth mills for each one dollar valuation for ten years commencing in 2018, first due in calendar year 2019. Placing this levy on the ballot is dependent upon fund-raising efforts of the community to acquire the funds to pay the special election costs charged by the Board of Elections.

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Dave Yost • Auditor of State

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

Louisville Public Library
Stark County
700 Lincoln Avenue
Louisville, Ohio 44641

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' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and each major fund of the Louisville Public Library, Stark County, Ohio, (the Library) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 18, 2017, wherein we noted the Library uses 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 opinions 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.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

April 18, 2017



Dave Yost • Auditor of State

LOUISVILLE PUBLIC LIBRARY

STARK 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
JUNE 6, 2017