



Dave Yost • Auditor of State

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Tuscarawas County Public Library
Tuscarawas County
121 Fair Avenue NW
New Philadelphia, Ohio 44663

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tuscarawas County Public Library, Tuscarawas 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.

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 the Tuscarawas County Public Library, Tuscarawas 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 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

October 5, 2017

Tuscarawas County Public Library
Tuscarawas County, Ohio
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,094,504
Equity in Pooled Cash and Cash Equivalents - Restricted	66,530
<i>Total Assets</i>	<i>\$2,161,034</i>
 Net Assets	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$264
Nonexpendable	66,530
Other Purposes	49,590
Unrestricted	2,044,650
<i>Total Net Position</i>	<i>\$2,161,034</i>

See accompanying notes to the basic financial statements

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

	Program Cash Receipts			Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities					
Library Services:					
Public Service and Programs	\$1,721,898	\$49,453	\$1,685	\$0	(\$1,670,760)
Collection Development and Processing	302,439	0	0	0	(302,439)
Support Services:					
Facilities Operation and Maintenance	99,010	0	0	0	(99,010)
Information Services	36,959	0	0	0	(36,959)
Business Administration	66,899	0	0	0	(66,899)
Capital Outlay	191,101	0	0	0	(191,101)
<i>Total Governmental Activities</i>	<u>\$2,418,306</u>	<u>\$49,453</u>	<u>\$1,685</u>	<u>\$0</u>	<u>(\$2,367,168)</u>
General Receipts					
Property Taxes Levied for General Purposes					\$1,525,108
Unrestricted Gifts and Contributions					35,693
Grants and Entitlements not Restricted to Specific Programs					1,464,440
Interest					6,189
<i>Total General Receipts</i>					<u>3,031,430</u>
Change in Net Position					664,262
<i>Net Position Beginning of Year</i>					<u>1,496,772</u>
<i>Net Position End of Year</i>					<u><u>\$2,161,034</u></u>

See accompanying notes to the basic financial statements.

Tuscarawas County Public Library
Tuscarawas County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2016

	General Fund	Building & Repair Fund	Memorial Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$321,732	\$1,611,105	\$111,813	\$49,854	\$2,094,504
Equity in Pooled Cash and Cash Equivalents - Restricted	0	0	0	66,530	66,530
<i>Total Assets</i>	<u>\$321,732</u>	<u>\$1,611,105</u>	<u>\$111,813</u>	<u>\$116,384</u>	<u>\$2,161,034</u>
Fund Balances					
Nonspendable	\$0	\$0	\$0	\$66,530	\$66,530
Restricted	0	0	0	5,773	5,773
Committed	0	0	0	0	0
Assigned	146,732	1,611,105	111,813	44,081	1,913,731
Unassigned (Deficit)	175,000	0	0	0	175,000
<i>Total Fund Balances</i>	<u>\$321,732</u>	<u>\$1,611,105</u>	<u>\$111,813</u>	<u>\$116,384</u>	<u>\$2,161,034</u>

See accompanying notes to the basic financial statements

**Tuscarawas County Public Library
Tuscarawas County, Ohio**

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

	General Fund	Building & Repair Fund	Memorial Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$1,525,108	\$0	\$0	\$0	\$1,525,108
Intergovernmental	1,464,440	0	0	1,685	1,466,125
Patron Fines and Fees	49,453	0	0	0	49,453
Contributions, Gifts and Donations	1,438	0	0	26,255	27,693
Earnings on Investments	6,120	0	0	69	6,189
<i>Total Receipts</i>	<u>3,046,559</u>	<u>0</u>	<u>0</u>	<u>28,009</u>	<u>3,074,568</u>
Disbursements					
Current:					
Library Services:					
Public Service and Programs	1,711,528	0	0	10,370	1,721,898
Collection Development and Processing	297,757	0	0	4,682	302,439
Support Services:					
Facilities Operation and Maintenance	99,010	0	0	0	99,010
Information Services	36,959	0	0	0	36,959
Business Administration	66,899	0	0	0	66,899
Capital Outlay	130,382	0	0	60,719	191,101
<i>Total Disbursements</i>	<u>2,342,535</u>	<u>0</u>	<u>0</u>	<u>75,771</u>	<u>2,418,306</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>704,024</u>	<u>0</u>	<u>0</u>	<u>(47,762)</u>	<u>656,262</u>
Other Financing Sources (Uses)					
Sale of an Asset	0	0	0	8,000	8,000
Transfers In	0	678,920	0	0	678,920
Transfers Out	(678,920)	0	0	0	(678,920)
<i>Total Other Financing Sources (Uses)</i>	<u>(678,920)</u>	<u>678,920</u>	<u>0</u>	<u>8,000</u>	<u>8,000</u>
<i>Net Change in Fund Balances</i>	25,104	678,920	0	(39,762)	664,262
<i>Fund Balances Beginning of Year</i>	296,628	932,185	111,813	156,146	1,496,772
<i>Fund Balances End of Year</i>	<u>\$321,732</u>	<u>\$1,611,105</u>	<u>\$111,813</u>	<u>\$116,384</u>	<u>\$2,161,034</u>

See accompanying notes to the basic financial statements

Tuscarawas County Public Library
Tuscarawas County, Ohio
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		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,562,000	\$1,562,000	\$1,525,108	(\$36,892)
Intergovernmental	1,513,000	1,513,000	1,464,440	(48,560)
Payments in Lieu of Taxes	0	0	0	0
Patron Fines and Fees	48,370	48,370	49,453	1,083
Services Provided to Other Entities	0	0	0	0
Services Provided to Others	0	0	0	0
Contributions, Gifts and Donations	0	0	0	0
Earnings on Investments	600	600	1,438	838
Miscellaneous	2,200	2,200	6,120	3,920
<i>Total receipts</i>	3,126,170	3,126,170	3,046,559	(79,611)
Disbursements				
Current:				
Library Services:				
Public Service and Programs	1,844,875	1,844,875	1,725,457	119,418
Collection Development and Processing	375,256	375,256	362,934	12,322
Support Services:				
Facilities Operation and Maintenance	149,977	149,977	106,598	43,379
Information Services	61,424	61,424	51,439	9,985
Business Administration	91,455	91,455	73,763	17,692
Capital Outlay	195,411	195,411	169,076	26,335
<i>Total Disbursements</i>	2,718,398	2,718,398	2,489,267	229,131
<i>Excess of Receipts Over (Under) Disbursements</i>	407,772	407,772	557,292	149,520
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(400,000)	(400,000)	(678,920)	(278,920)
<i>Total Other Financing Sources (Uses)</i>	(400,000)	(400,000)	(678,920)	(278,920)
<i>Net Change in Fund Balance</i>	7,772	7,772	(121,628)	(129,400)
<i>Unencumbered Fund Balance Beginning of Year</i>	175,000	175,000	175,000	0
Prior Year Encumbrances Appropriated	121,628	121,628	121,628	0
<i>Unencumbered Fund Balance End of Year</i>	\$304,400	\$304,400	\$175,000	(\$129,400)

See accompanying notes to the basic financial statements

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Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Description of the Library and Reporting Entity

The Tuscarawas County Public Library was organized as a county district public library in 1948 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Tuscarawas County Commissioners and the Tuscarawas County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing 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.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate, and the purpose of the levy are discretionary decisions made solely by the Board of Library Trustees. Once these decisions are made, the County Commissioners must place the levy on the ballot.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Friends of the Tuscarawas County Public Library 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 Tuscarawas County Public Library does not receive amounts from the Friends of the Tuscarawas County Public Library that the state would consider significant.* Therefore, this organization has been excluded from the reporting entity of the Library.

The Stark County Schools Council of Government (the “Council”) is governed by an assembly, which consists of one representative from each participating entity (usually the superintendent 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. The Council has a Health Benefits Program, which is a shared risk pool comprised of 90 member school districts, educational service centers and related agencies.

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.C, the financial statements of the Tuscarawas County 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.

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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. 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 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.

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 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.

Building & Repair Fund - The building & repair fund was established to account for lesser building repair projects as opposed to larger construction handled in the capital projects fund.

Memorial Fund - The memorial fund is established to account for most gifts/bequests to the library upon someone's death for the purpose of capital projects.

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

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

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. 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.

D. Budgetary Process

All funds, (except agency 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 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.

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."

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

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 STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day, but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$6,120 which includes \$0 assigned from other Library funds.

F. 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. Restricted assets represent the \$200 bequest from the estate of Rev. T.W. Hoernemann and \$66,330 in the First Steps to Literacy fund established in 2008. The T.W. Hoernemann Endowment Fund was established in October 1989 to benefit the library. Only the interest may be spent for library use, not the original \$200 bequest. The interest earned from the First Steps to Literacy fund is intended to provide a free book to newborn babies born in Tuscarawas County.

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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

I. Internal Activity

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.

J. 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 Fiscal Officer 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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

K. 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.

L. Employer Contributions to Cost-Sharing Pension Plans

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

M. Long-Term Obligations

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

N. 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. Net position restricted for other purposes include resources restricted for grant purposes and those restricted by the donor purpose.

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

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 (*and any major special revenue fund are*) 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 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 \$146,732 for the General fund.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. 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.

Tuscarawas County Public Library
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.

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 \$622 in undeposited 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 year end, \$554,917 of the Library’s bank balance of \$1,054,917 was exposed to custodial credit risk because those deposits were uninsured and collateralized. 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 the 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 the following investments:

	Measurement Value	Maturity
STAR Ohio	1,121,962	Average
	<u>Investment Maturities (in Years)</u>	
	Measurement Amount	Less than 1
STAR Ohio	1,121,962	1,121,962
Total Investments	\$1,121,962	\$1,121,962

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

Credit Risk

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

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 has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 - Property Taxes and Grants in Aid

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library district. Real property tax receipts received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, 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 semiannually. 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 receipts received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2015, were levied after October 1, 2015, and are collected 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.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$1.50 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:

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 - Property Taxes (continued)

Collection Year 2016:

Real Property	\$1,005,560,810
Public Utility Personal Property	63,833,420
Total	\$1,069,394,230

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 for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Cincinnati Insurance Co.	Commercial Property	\$ 4,850,000
	General Liability	2,000,000
	Commercial Crime	1,000,000
	Inland Marine	93,038
Cincinnati Insurance Co.	Vehicle	1,000,000
Cincinnati Insurance Co.	Errors and Omissions	1,000,000
	Library Officials	1,000,000
	Fidelity and Deposit	

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.

Employee Health, Dental and Vision

The Library has contracted with the Stark County Schools Council of Government (Council) Health Benefits Program to provide employee medical/surgical, dental and vision benefits. The Council's Health Benefits Program is a shared risk pool comprised of member school districts, educational service centers and related agencies. 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 exiting entity subsequent to the settlements of all expenses and claims. The Library pays 75% of the premium for full time employee medical and 50% of the premium for part time employee medical coverage. Employees pay 100% of premium for dental coverage and 100% of the premium for vision coverage and the remainder of their medical insurance. The following amounts are the total monthly premiums paid in fiscal year 2016:

	Family	Single
Medical	\$1,588	\$654
Dental	205	83
Vision	44	18

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 - Interfund Balances and Transfers

Transfers

During 2016, the following transfers were made:

	<u>Transfer from</u>
<u>Transfer to</u>	<u>Major General Fund</u>
Major Building and Repair Fund	\$678,920

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8 - Defined Benefit Pension Plan

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):

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 8 - 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 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:

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

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

The Library's contractually required contribution was \$161,393 for year 2016.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS 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.

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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 - Postemployment Benefits (continued)

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 \$23,056, \$21,321, and \$21,280 respectively. The full amount has been contributed for all three years.

Note 10 – Leases

The Library leases copier under noncancelable leases. The Library disbursed \$17,206 to pay lease costs for the year ended December 31, 2016. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$17,206
2018	17,206
2019	17,206
2020	<u>2,868</u>
Total	<u><u>\$54,486</u></u>

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 11 – 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	& Repair Fund	Memorial Fund	Governmental Funds	Total
Nonspendable					
First Steps to Literacy				\$66,330	\$66,330
Hoerneman Endowment				200	200
<i>Total Nonspendable</i>	0	0	0	66,530	66,530
Restricted for					
Connect Ohio Grant				1,172	1,172
21st Century Grant				4,337	4,337
Endowment Interest				264	264
<i>Total Restricted</i>	0	0	0	5,773	5,773
Assigned to					
Capital Improvement Projects		1,611,105	111,813		1,722,918
Vendors	146,732			44,081	190,813
<i>Total Assigned</i>	146,732	1,611,105	111,813	44,081	1,913,731
Unassigned (Deficit)					
	175,000				175,000
<i>Total Fund Balances</i>	<u>\$321,732</u>	<u>\$1,611,105</u>	<u>\$111,813</u>	<u>\$116,384</u>	<u>\$2,161,034</u>

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Tuscarawas County Public Library
Tuscarawas County, Ohio
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,446,572
Equity in Pooled Cash and Cash Equivalents - Restricted	50,200
<i>Total Assets</i>	<i>\$1,496,772</i>
 Net Assets	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$7,854
Nonexpendable	50,200
Other Purposes	98,091
Unrestricted	1,340,627
<i>Total Net Position</i>	<i>\$1,496,772</i>

See accompanying notes to the basic financial statements

Tuscarawas County Public Library
Tuscarawas County, Ohio
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
Governmental Activities					
Library Services:					
Public Service and Programs	\$1,600,477	\$49,688	\$7,811	\$0	(\$1,542,978)
Collection Development and Processing	263,350	0	0	0	(263,350)
Support Services:					
Facilities Operation and Maintenance	93,442	0	0	0	(93,442)
Information Services	18,317	0	0	0	(18,317)
Business Administration	67,623	0	0	0	(67,623)
Capital Outlay	95,517	0	0	0	(95,517)
<i>Total Governmental Activities</i>	\$2,138,726	\$49,688	\$7,811	\$0	(\$2,081,227)
General Receipts					
Property Taxes Levied for General Purposes					\$1,500,710
Unrestricted Gifts and Contributions					23,476
Grants and Entitlements not Restricted to Specific Programs					1,472,399
Interest					1,190
<i>Total General Receipts</i>					2,997,775
Change in Net Position					916,548
<i>Net Position Beginning of Year</i>					580,224
<i>Net Position End of Year</i>					\$1,496,772

See accompanying notes to the basic financial statements.

Tuscarawas County Public Library
Tuscarawas County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2015

	General Fund	Building & Repair Fund	Memorial Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$296,628	\$932,185	\$111,813	\$105,946	\$1,446,572
Equity in Pooled Cash and Cash Equivalents - Restricted	0	0	0	50,200	50,200
<i>Total Assets</i>	<u>\$296,628</u>	<u>\$932,185</u>	<u>\$111,813</u>	<u>\$156,146</u>	<u>\$1,496,772</u>
Fund Balances					
Nonspendable	\$0	\$0	\$0	\$50,200	\$50,200
Restricted	0	0	0	14,993	14,993
Committed	0	0	0	0	0
Assigned	121,628	932,185	111,813	90,953	1,256,579
Unassigned (Deficit)	175,000	0	0	0	175,000
<i>Total Fund Balances</i>	<u>\$296,628</u>	<u>\$932,185</u>	<u>\$111,813</u>	<u>\$156,146</u>	<u>\$1,496,772</u>

See accompanying notes to the basic financial statements

Tuscarawas County Public Library
Tuscarawas County, Ohio

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Building & Repair Fund	Memorial Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$1,500,710	\$0	\$0	\$0	\$1,500,710
Intergovernmental	1,472,399	0	0	7,811	1,480,210
Patron Fines and Fees	49,688	0	0	0	49,688
Contributions, Gifts and Donations	1,162	0	0	22,314	23,476
Earnings on Investments	1,130	0	0	60	1,190
<i>Total Receipts</i>	<u>3,025,089</u>	<u>0</u>	<u>0</u>	<u>30,185</u>	<u>3,055,274</u>
Disbursements					
Current:					
Library Services:					
Public Service and Programs	1,586,471	0	0	14,006	1,600,477
Collection Development and Processing	257,506	0	0	5,844	263,350
Support Services:					
Facilities Operation and Maintenance	93,442	0	0	0	93,442
Information Services	18,317	0	0	0	18,317
Business Administration	67,623	0	0	0	67,623
Capital Outlay	77,642	0	0	17,875	95,517
<i>Total Disbursements</i>	<u>2,101,001</u>	<u>0</u>	<u>0</u>	<u>37,725</u>	<u>2,138,726</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>924,088</u>	<u>0</u>	<u>0</u>	<u>(7,540)</u>	<u>916,548</u>
Other Financing Sources (Uses)					
Transfers In	0	731,583	0	50,000	781,583
Transfers Out	(781,583)	0	0	0	(781,583)
<i>Total Other Financing Sources (Uses)</i>	<u>(781,583)</u>	<u>731,583</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	142,505	731,583	0	42,460	916,548
<i>Fund Balances Beginning of Year</i>	<u>154,123</u>	<u>200,602</u>	<u>111,813</u>	<u>113,686</u>	<u>580,224</u>
<i>Fund Balances End of Year</i>	<u>\$296,628</u>	<u>\$932,185</u>	<u>\$111,813</u>	<u>\$156,146</u>	<u>\$1,496,772</u>

See accompanying notes to the basic financial statements:

Tuscarawas County Public Library
Tuscarawas County, Ohio
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		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,365,000	\$1,365,000	\$1,500,710	\$135,710
Intergovernmental	1,365,000	1,365,000	1,472,399	107,399
Payments in Lieu of Taxes	0	0	0	0
Patron Fines and Fees	55,870	55,870	49,688	(6,182)
Services Provided to Other Entities	0	0	0	0
Services Provided to Others	0	0	0	0
Contributions, Gifts and Donations	0	0	0	0
Earnings on Investments	600	600	1,130	530
Miscellaneous	5,400	5,400	1,162	(4,238)
<i>Total receipts</i>	<u>2,791,870</u>	<u>2,791,870</u>	<u>3,025,089</u>	<u>233,219</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	1,704,505	1,704,505	1,593,389	111,116
Collection Development and Processing	330,598	330,598	318,304	12,294
Support Services:				
Facilities Operation and Maintenance	130,442	130,442	124,578	5,864
Information Services	19,614	19,614	18,637	977
Business Administration	82,897	82,897	70,550	12,347
Capital Outlay	101,882	101,882	97,171	4,711
<i>Total Disbursements</i>	<u>2,369,938</u>	<u>2,369,938</u>	<u>2,222,629</u>	<u>147,309</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>421,932</u>	<u>421,932</u>	<u>802,460</u>	<u>380,528</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(500,000)	(500,000)	(781,583)	(281,583)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(781,583)</u>	<u>(281,583)</u>
<i>Net Change in Fund Balance</i>	<u>(78,068)</u>	<u>(78,068)</u>	<u>20,877</u>	<u>98,945</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	106,661	106,661	106,661	0
Prior Year Encumbrances Appropriated	47,462	47,462	47,462	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$76,055</u>	<u>\$76,055</u>	<u>\$175,000</u>	<u>\$98,945</u>

See accompanying notes to the basic financial statements:

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Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the Library and Reporting Entity

The Tuscarawas County Public Library was organized as a county district public library in 1948 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Tuscarawas County Commissioners and the Tuscarawas County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing 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.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate, and the purpose of the levy are discretionary decisions made solely by the Board of Library Trustees. Once these decisions are made, the County Commissioners must place the levy on the ballot.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Friends of the Tuscarawas County Public Library 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 Tuscarawas County Public Library does not receive amounts from the Friends of the Tuscarawas County Public Library that the state would consider significant.* Therefore, this organization has been excluded from the reporting entity of the Library.

The Stark County Schools Council of Government (the “Council”) is governed by an assembly, which consists of one representative from each participating school district (usually the superintendent 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. The Council has a Health Benefits Program, which is a shared risk pool comprised of 90 member school districts, educational service centers and related agencies.

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.C, the financial statements of the Tuscarawas County 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.

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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. 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 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.

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 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.

Building & Repair Fund - The building & repair fund was established to account for lesser building repair projects as opposed to larger construction handled in the capital projects fund.

Memorial Fund - The memorial fund is established to account for most gifts/bequests to the library upon someone's death for the purpose of capital projects.

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

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

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. 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.

D. Budgetary Process

All funds, (except agency 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 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.

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."

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

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 STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 was \$1,130 which includes \$0 assigned from other Library funds.

F. 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. Restricted assets represent the \$200 bequest from the estate of Rev. T.W. Hoernemann and \$50,000 in the First Steps to Literacy fund established in 2008. The T.W. Hoernemann Endowment Fund was established in October 1989 to benefit the library. Only the interest may be spent for library use, not the original \$200 bequest. The interest earned from the First Steps to Literacy fund is intended to provide a free book to newborn babies born in Tuscarawas County.

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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

I. Internal Activity

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.

J. 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 Fiscal Officer 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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

K. 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.

L. Employer Contributions to Cost-Sharing Pension Plans

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

M. Long-Term Obligations

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

N. 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. Net position restricted for other purposes include resources restricted for grant purposes and those restricted by the donor purpose.

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

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 (*and any major special revenue fund are*) 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 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 \$121,628 for the General fund.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. 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.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

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 \$622 in undeposited 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 year end, \$601,824 of the Library’s bank balance of \$1,004,807 was exposed to custodial credit risk because those deposits were uninsured and collateralized. 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 the 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, 2015, the Library had the following investments:

	Measurement Value	Maturity
STAR Ohio	516,567	Average
	<u>Investment Maturities (in Years)</u>	
	Measurement Amount	Less than 1
STAR Ohio	516,567	516,567
Total Investments	\$516,567	\$516,567

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 – Deposits and Investments (continued)

Credit Risk

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

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 has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 - Property Taxes

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library district. Real property tax receipts received in 2015 represent the collection of 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 semiannually. 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 receipts received in 2015 represent the collection of 2014 taxes. Public utility real and tangible personal property taxes received in 2015 became a lien on December 31, 2014, were levied after October 1, 2014, and are collected 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.

The full tax rate for all Library operations for the year ended December 31, 2015, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 5 - Property Taxes (continued)

Collection Year 2015:

Real Property	\$995,045,670
Public Utility Personal Property	54,646,180
Total	\$1,049,691,850

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 2015, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Cincinnati Insurance Co.	Commercial Property	\$ 4,850,000
	General Liability	2,000,000
	Commercial Crime	1,000,000
	Inland Marine	93,038
Cincinnati Insurance Co.	Vehicle	1,500,000
Cincinnati Insurance Co.	Errors and Omissions	1,000,000
	Library Officials	1,000,000
	Fidelity and Deposit	

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.

Employee Health, Dental and Vision

The Library has contracted with the Stark County Schools Council of Government (Council) Health Benefits Program to provide employee medical/surgical, dental and vision benefits. The Council's Health Benefits Program is a shared risk pool comprised of member school districts, educational service centers and related agencies. 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 exiting entity subsequent to the settlements of all expenses and claims. The Library pays 75% of the premium for full time employee medical and 50% of the premium for part time employee medical coverage. Employees pay the remainder of their medical insurance. Dental and vision was not offered. The following amounts are the total monthly premiums paid in fiscal year 2015:

	Family	Single
Medical	\$1,549	\$638

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 7 - Interfund Balances and Transfers

Transfers

During 2015, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>
Major Building and Repair Fund	<u>Major General Fund</u> \$731,583
Other Nonmajor Governmental Funds	\$50,000

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8 - Defined Benefit Pension Plan

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):

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 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
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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

The Library's contractually required contribution was \$149,246 for year 2015.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS 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.

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 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both 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 employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 9 - Postemployment Benefits (continued)

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, 2015, 2014, and 2013 was \$21,321, \$21,280, and \$9,930 respectively. The full amount has been contributed for all three years.

Note 10 – Leases

The Library leases buildings, vehicles and other equipment under noncancelable leases. The Library disbursed \$16,300 to pay lease costs for the year ended December 31, 2015. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$17,206
2017	17,206
2018	17,206
2019	17,206
2020	2,868
Total	<u><u>\$71,692</u></u>

Tuscarawas County Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 11 – 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	Building & Repair Fund	Memorial Fund	Other Governmental Funds	Total
Nonspendable					
First Steps to Literacy				\$50,000	\$50,000
Hoerneman Endowment				200	200
<i>Total Nonspendable</i>	0	0	0	50,200	50,200
Restricted for					
Connect Ohio Grant				1,172	1,172
21st Century Grant				5,966	5,966
First Steps				7,697	7,697
Endowment Interest				158	158
<i>Total Restricted</i>	0	0	0	14,993	14,993
Assigned to					
Capital Improvement Projects		932,185	111,813		1,043,998
Vendors	121,628			90,953	212,581
<i>Total Assigned</i>	121,628	932,185	111,813	90,953	1,256,579
Unassigned (Deficit)	175,000				175,000
<i>Total Fund Balances</i>	\$296,628	\$932,185	\$111,813	\$156,146	\$1,496,772

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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

Tuscarawas County Public Library
Tuscarawas County
121 Fair Avenue NW
New Philadelphia, Ohio 44663

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, each major fund, and the aggregate remaining fund information of the Tuscarawas Public Library, Tuscarawas 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 and have issued our report thereon dated October 5, 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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*.

Library's Response to Findings

The Library's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State
Columbus, Ohio

October 5, 2017

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 13, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness

The Library should maintain an accounting system and accounting records sufficient to enable the Library to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D).

As a result of audit procedures performed, errors were noted in the Library's financial statements that required audit adjustments and reclassifications as follows:

- Revenue in the amount of \$8,000 received for the sale of a bookmobile was classified as Contributions, Gifts and Donations Revenue instead of Sale of an Asset for 2016;
- The Building and Repair Fund is a Capital Projects fund with transfers from the General Fund as the primary source of revenue. As the revenue has no external constraints, the fund balance should be reported as Unrestricted on the Statement of Net Position. However, the Library reported amounts of \$1,611,105 and \$932,186 as Restricted for Capital Projects in 2016 and 2015, respectively. Additionally, the Library reports a Memorial Fund as a Capital Project fund for which the primary source of revenue is from donations with no restriction on use. The fund balance for this fund should also be reported as Unrestricted on the Statement of Net Position. However, the Library reported an amount of \$111,813 as Restricted for Memorial in 2016 and 2015.
- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows:
 - GASB Cod. 1800.168 requires amounts that are restricted to specific purposes should be reported as restricted fund balance. Fund balance should be reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Revenue collected for the Connect Ohio Grant Fund and 21st Century Grant Fund was restricted in use by the grantor and, therefore, the fund balances should be reported as Restricted. However, the Library reported Assigned balances for the Connect Ohio Grant Fund in the amount of \$1,172 in both 2016 and 2015. Assigned balances were also reported for the 21st Century Grant Fund in the amount of \$4,337 and \$5,966 for 2016 and 2015, respectively.

- GASB Cod. 1800.166 requires amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact to be reported as nonspendable fund balance.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 13, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-001 (Continued)

Material Weakness (Continued)

The Library receives donations for the First Steps to Literacy Fund. The donation amounts are nonspendable as designated by the contributor. The Library may spend the interest generated on the donations for restricted uses. During 2016, donations in the amount of \$8,330 were reported as Restricted rather than Nonspendable on the Statement of Cash Basis Assets and Fund Balances, and as Expendable rather than Nonexpendable on the Statement of Net Position. Consequently, Restricted Equity in Pooled Cash was understated by \$8,330 as the amount was improperly classified as unrestricted cash.

Sound financial reporting is the responsibility of the Library and is essential to ensure the information provider to the readers of the financial statements is complete and accurate. The financial statements and accounting system have been adjusted accordingly by the Library.

In addition to the adjustments listed above, we also identified additional insignificant adjustments and reclassifications ranging from \$320 to \$113,000. These instances have been brought to the Library's attention.

To help ensure the Library's financial statements and notes to the financial statements are complete and accurate, the Library should adopt policies and procedures to identify and correct errors and omissions. In addition, the Library should review the financial statements and notes prior to submission for audit.

Officials' Response: The adjustments referred to above were due to fund balance classifications only, not misuse of funds. The fund balances have been reported this way since 2010 and have gone through IPA audits and AOS desk reviews without mention. We have been consistent with our reporting and classifying these balances in accordance with the establishment of the funds. If anything, the Library is being conservative on their reporting and takes great pride in accurate financials.



Dave Yost • Auditor of State

TUSCARAWAS COUNTY PUBLIC LIBRARY

TUSCARAWAS 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
OCTOBER 24, 2017