

***MASSILLON PUBLIC LIBRARY***

**STARK COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2015 and 2014**







# Dave Yost • Auditor of State

Board of Trustees  
Massillon Public Library  
208 Lincoln Way East  
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of the Massillon Public Library, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 27, 2016

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**MASSILLON PUBLIC LIBRARY**  
**STARK COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2015 and 2014**

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

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## **INDEPENDENT AUDITOR'S REPORT**

Massillon Public Library  
Stark County  
208 Lincoln Way East  
Massillon, Ohio 44646

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 Massillon Public Library, Stark County, Ohio (the Library) as of and for the years ended December 31, 2015 and 2014, 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 Massillon Public Library, Stark County, Ohio, as of December 31, 2015 and 2014, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund and McClymond's Library 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.

**Emphasis of Matter**

As discussed in Note 12 to the financial statements, during 2015, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*". We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis for 2015 or 2014, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2016, 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.



**Charles E. Harris & Associates, Inc.**  
May 28, 2016

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

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This discussion and analysis of the Massillon Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2015, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2015 are as follows:

- Net position of governmental activities increased \$174,187, or 16 percent, from the prior year.
- The Library's general receipts are primarily property taxes and public library funding (PLF). These receipts represent respectively 30 percent and 59 percent of the total cash received for governmental activities during the year. Property tax receipts increased approximately 1 percent and PLF increased approximately 11 percent.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

The Library adopts an annual appropriated budget. A budgetary comparison report demonstrates compliance with this budget.

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

**Basis of Accounting**

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

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

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

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**Reporting the Library as a Whole**

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

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

In the Statement of Net Position and the Statement of Activities, the Library reports all financial activity as governmental activities. This activity includes all the Library's basic activities, including library services and capital outlay. Benefits provided through governmental activities are not necessarily paid by the people receiving them.

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

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

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

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

**The Library as a Whole**

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

(Table 1)  
**Net Position**

	<b>Governmental Activities</b>	
	2015	2014
<b>Assets</b>		
Cash and Cash Equivalents	\$1,295,786	\$1,121,599
Total Assets	\$1,295,786	\$1,121,599
<b>Net Position</b>		
Restricted for:		
Capital Projects	\$84,683	\$87,351
Permanent Fund Purpose:		
Expendable	0	400
Nonexpendable	20,000	21,605
Other Purposes	401,453	400,735
Unrestricted	789,650	611,508
Total Net Position	\$1,295,786	\$1,121,599

As mentioned previously, net position of governmental activities increased \$174,187 or 16 percent during 2015. The primary reasons contributing to the change in cash balances are as follows:

- Despite appropriations in excess of revenues for 2015, we were able to yield an increase in cash balance due to both an increase in revenues and a decrease in expenditures. Our increased revenues were primarily the result of the following: 11% increase in PLF funding that yielded \$80,000 more than was budgeted, two estate gifts totaling \$45,000, and a refund of over-charged electric bills totaling \$18,000. While we strive to decrease all expenditures when possible, a couple of key components contributed to the decrease this year. First, our salaries and benefits were approximately \$98,000 less than budgeted due to the restructuring and streamlining of two departments with new management as well as decreased health insurance costs. Second, the Library paid approximately \$40,000 less than in prior years for the interlibrary system (ILS) costs due to prepayment of services for current year and non-renewal of services for next year due to the pending dissolution of our ILS consortium.

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

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

(Table 2)  
**Changes in Net Position**

	Governmental Activities	
	2015	2014
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$40,251	\$48,423
Operating Grants and Contributions	5,540	10,698
Capital Grants and Contributions	100	100
Total Program Receipts:	45,891	59,221
General Receipts:		
Property Taxes	705,645	699,462
Grants and Entitlement not Restricted to Specific Programs	1,508,796	1,367,753
Unrestricted Gifts and Contributions Grants	50,852	10,634
Interest	1,505	1,208
Miscellaneous	43,456	18,385
Total General Receipts	2,310,254	2,097,442
Total Receipts	2,356,145	2,156,663
Cash Disbursements:		
Library Services	2,117,456	2,116,082
Capital Outlay	64,502	160,487
Total Disbursements	2,181,958	2,276,569
Increase (Decrease) in Net Position	174,187	(119,906)
Net Position January 1	1,121,599	1,241,505
Net Position December 31	\$1,295,786	\$1,121,599

Program receipts represent only 2 percent of total receipts and are primarily comprised of charges for services, operating grants and contributions and capital grants and contributions.

General receipts represent 98 percent of the Library's total receipts, and of this amount, 96 percent are unrestricted state entitlements ("PLF") and property taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column listed on the statement of activities shows the major services provided by the Library. The next column identifies the cost of providing these services. The major program disbursements for governmental activities are for library services which account for 97 percent of all governmental disbursements. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Library Services	\$2,117,456	\$2,071,665	\$2,116,082	\$2,056,961
Capital Outlay	64,502	64,402	160,487	160,387
<b>Total</b>	<b>\$2,181,958</b>	<b>\$2,136,067</b>	<b>\$2,276,569</b>	<b>\$2,217,348</b>

The dependence upon "PLF" and property and other tax receipts is apparent as approximately 98 percent of governmental activities are supported through these general receipts.

**The Library's Funds**

Total General Fund receipts were \$2,355,031 and disbursements were \$2,139,729. The fund balance of the General Fund increased \$178,142. The primary reasons contributing to the change in cash balance were discussed following Table 1 above.

**General Fund Budgeting Highlights**

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

During 2015, the Library amended its General Fund budget several times to reflect changing circumstances. Actual receipts were \$111,605 more than budgeted receipts. Actual disbursements were \$255,686 less than budgeted.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Library relies heavily on the "PLF" and its operating levy to provide quality service to its patrons.

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

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**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Massillon Public Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Fiscal Officer, Massillon Public Library, 208 Lincoln Way East, Massillon, Ohio 44646.

**Massillon Public Library**  
**Stark County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2015*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,295,786</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$84,683
Nonexpendable	20,000
Other Purposes	401,453
Unrestricted	<u>789,650</u>
<i>Total Net Position</i>	<u><u>\$1,295,786</u></u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2015*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Library Services	\$2,117,456	\$40,251	\$5,540		(\$2,071,665)
Capital Outlay	64,502			\$100	(64,402)
<i>Total Governmental Activities</i>	<u>\$2,181,958</u>	<u>\$40,251</u>	<u>\$5,540</u>	<u>\$100</u>	<u>(\$2,136,067)</u>
General Receipts:					
					705,645
					50,852
					1,508,796
					1,505
					<u>43,456</u>
					<u>2,310,254</u>
					174,187
					<u>1,121,599</u>
					<u>\$1,295,786</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2015*

	General Fund	McClymonds Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$789,650</u>	<u>\$401,453</u>	<u>\$104,683</u>	<u>\$1,295,786</u>
<b>Fund Balances</b>				
Nonspendable			\$20,000	\$20,000
Committed		\$401,453	84,683	486,136
Unassigned	<u>\$789,650</u>			<u>789,650</u>
<i>Total Fund Balances</i>	<u>\$789,650</u>	<u>\$401,453</u>	<u>\$104,683</u>	<u>\$1,295,786</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General	McClymonds Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$705,645			\$705,645
Public Library	1,398,403			1,398,403
Intergovernmental	110,393			110,393
Patron Fines and Fees	40,251			40,251
Services Provided to Other Entities	0			0
Contributions, Gifts and Donations	50,852		\$100	50,952
Earnings on Investments	491	\$848	166	1,505
Miscellaneous	48,996			48,996
<i>Total Receipts</i>	<u>2,355,031</u>	<u>848</u>	<u>266</u>	<u>2,356,145</u>
<b>Disbursements</b>				
Library Services	2,115,222		2,234	2,117,456
Capital Outlay	24,507		39,995	64,502
<i>Total Disbursements</i>	<u>2,139,729</u>	<u>0</u>	<u>42,229</u>	<u>2,181,958</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	215,302	848	(41,963)	174,187
<b>Other Financing Sources (Uses)</b>				
Transfers In			37,160	37,160
Transfers Out	(37,160)			(37,160)
<i>Total Other Financing Sources (Uses)</i>	<u>(37,160)</u>	<u>0</u>	<u>37,160</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	178,142	848	(4,803)	174,187
<i>Fund Balances Beginning of Year</i>	<u>611,508</u>	<u>400,605</u>	<u>109,486</u>	<u>1,121,599</u>
<i>Fund Balances End of Year</i>	<u>\$789,650</u>	<u>\$401,453</u>	<u>\$104,683</u>	<u>\$1,295,786</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$700,000	\$700,000	\$705,645	\$5,645
Public Library	1,318,000	1,318,000	1,398,403	80,403
Intergovernmental	109,416	109,416	110,393	977
Patron Fines and Fees	45,000	45,000	40,251	(4,749)
Contributions, Gifts and Donations	5,000	45,000	50,852	5,852
Earnings on Investments	300	300	491	191
Miscellaneous	19,150	25,710	48,996	23,286
<i>Total Receipts</i>	2,196,866	2,243,426	2,355,031	111,605
<b>Disbursements</b>				
Library Services	2,350,160	2,346,322	2,115,222	231,100
Capital Outlay	45,255	49,093	24,507	24,586
<i>Total Disbursements</i>	2,395,415	2,395,415	2,139,729	255,686
<i>Excess of Receipts Over (Under) Disbursements</i>	(198,549)	(151,989)	215,302	367,291
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(43,055)	(43,055)	(37,160)	5,895
<i>Total Other Financing Sources (Uses)</i>	(43,055)	(43,055)	(37,160)	5,895
<i>Net Change in Fund Balance</i>	(241,604)	(195,044)	178,142	373,186
<i>Fund Balance Beginning of Year</i>	611,508	611,508	611,508	0
<i>Unencumbered Fund Balance End of Year</i>	\$369,904	\$416,464	\$789,650	\$373,186

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*McClymonds Library Fund*  
*For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Earnings on Investments	\$1,000	\$1,000	\$848	(\$152)
<i>Total Receipts</i>	<u>1,000</u>	<u>1,000</u>	<u>848</u>	<u>(152)</u>
<i>Net Change in Fund Balance</i>	1,000	1,000	848	(152)
<i>Fund Balance Beginning of Year</i>	<u>400,605</u>	<u>400,605</u>	<u>400,605</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$401,605</u>	<u>\$401,605</u>	<u>\$401,453</u>	<u>(\$152)</u>

See accompanying notes to the basic financial statements

**Massillon Public Library  
Stark County**

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

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

Massillon Public Library, Stark County, Ohio, (the Library) was organized as a school district public library in 1922 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Massillon City School's Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

The Friends of Massillon 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 funds maintained by the organization are not significant in amount to the Library's total resources. Therefore, this organization has been excluded from the reporting entity of the Library.

The Library participated in two joint ventures, the Barry Askren Memorial Branch and the Stark Library Information Consortium. These organizations are described in Note 11 of the Notes to the Basic Financial Statements.

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

**Massillon Public Library  
Stark County**

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

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**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the 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.

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

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

The Statement of Net Position presents the cash balance of the governmental activities of the Library at year's 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. The Library's major funds are presented in separate columns. Non-major 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.

**Massillon Public Library  
Stark County**

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

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

**B. Fund Accounting (continued)**

**Governmental Funds**

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange 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.

McClymonds Library Fund – The McClymonds Library Fund accounts for expendable monies received for the benefit of the citizens of the Massillon Public Library. Per the original bequest, the monies can be spent for the purchase, repair, and re-binding of library materials.

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

**C. Basis of Accounting**

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

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**

The Library's funds are legally required to be appropriated. The appropriations resolution is the Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund 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.

**Massillon Public Library  
Stark County**

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

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

D. Budgetary Process (continued)

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

E. Cash and Cash Equivalents

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

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

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

During 2015, the Library's investments were held in STAR Ohio.

STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2015.

STAR Plus is an FDIC-insured investment program that has been fully reviewed and endorsed by the State Treasurer of Ohio. The program offers attractive yields with no market or credit risk, weekly liquidity with penalty free withdrawals. Participants in STAR Plus must be participating in STAR Ohio.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2015 amounted to \$491.

F. 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.

G. 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.

**Massillon Public Library  
Stark County**

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

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

**H. 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.

**I. 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 post-retirement health care benefits.

**J. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes the revenue sources that are restricted for the Library's own programs.

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.

**K. 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.

***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.

**Massillon Public Library  
Stark County**

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

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

K. Fund Balance (continued)

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

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

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

L. Interfund Transactions

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

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Projects - Building and Repair Fund	\$37,160

**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 and the McClymonds Library 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 that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). There were no outstanding encumbrances at year end.

**Massillon Public Library  
Stark County**

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

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**Note 4 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The Ohio Subdivision Fund (STAR Ohio), the Ohio Subdivision Bank Deposit Program (STAR Plus), and any other investment program as permissible under Section 135.145 of the Ohio Revised Code.

**Massillon Public Library  
Stark County**

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

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**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.

At year end, the Library had \$1,500 in undeposited, petty cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**A. 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, the carrying amount of the Library's deposits was \$871,295 and the bank balances were \$868,615. Of the Library's bank balance, \$753,075 was covered by the Federal Deposit Insurance Corporation (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 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.

**B. Investments**

As of December 31, 2015, the Library had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$422,991	Less than 3 months

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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.

**Massillon Public Library  
Stark County**

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

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**Note 5 – Public Library Fund**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted by the State of Ohio as the funding mechanism for Ohio public libraries in January 2008. The PLF was a fixed 2.22 percent of the total General Revenue Fund (GRF) tax revenue from the preceding month. The funds are distributed to each county monthly through an equalization formula. However, the 2009-2011 State of Ohio biennium budget temporarily reduced the Public Library Fund to 1.97 percent of the total GRF tax revenue and HB153, the Fiscal Year 2011-2013 State of Ohio biennium budget, altered the PLF funding structure and allocation formula by reducing the Public Library Fund to 95 percent of the Fiscal Year 2011 PLF distribution and also reduced and/or eliminated the Tangible Personal Property Tax (TPPT) replacement. In July 2013, state law required a one-time calculation of the new funding percentages by the tax commissioner. The updated funding percentage effective July 2013 was 1.66 percent of the total GRF tax revenue. Effective July 1, 2015, the funding percentage was increased to 1.7 percent of the GRF.

The Stark County Budget Commission allocates these funds to the Library based on formula which incorporates square footage, full-time equivalent employees, circulation, service area population, number of cardholders, door count, website visits, expenditures for library materials and expenditures on technology. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real property and public utility property located in the Massillon City School District and the Villages of Navarre and Brewster.

Property tax receipts received in 2015 for real and public utility property taxes represents collections of the 2014 taxes.

2015 real property taxes are 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. 2015 real property taxes are collected in and intended to finance 2016.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien on December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

**Massillon Public Library  
Stark County**

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

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**Note 6 - Property Taxes (continued)**

The full tax rate for all Library operations for the year ended December 31, 2015, was \$1.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2015 property tax receipts were based are as follows:

Real Property	\$405,374,140
Public Utility Property	27,851,520
Total Assessed Values	<u>\$433,225,660</u>

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

**Note 7 - 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:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Westfield Insurance	Commercial Property	\$9,700,026
	General Liability	3,000,000
	Vehicle	1,000,000
Chubb Group	Errors and Omissions	5,000,000 aggregate

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

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

**Note 8 - Defined Benefit Pension Plan**

The employees of the Library participate in the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the Member-Directed Plan and the Combined Plan, substantially all members are in the 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 plans. Authority to establish and amend benefits is provided by state statute per 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 <http://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

**Massillon Public Library  
Stark County**

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

**Note 8 - Defined Benefit Pension Plan (continued)**

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

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

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

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

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.

**Massillon Public Library  
Stark County**

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

**Note 8 - Defined Benefit Pension Plan (continued)**

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contributions to OPERS for the year ended December 2015 was \$139,849. All required contributions were made prior to the end of each the year.

**Note 9 – Post-employment Benefits**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, 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 post-employment health care coverage.

**Massillon Public Library  
Stark County**

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

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**Note 9 – Post-employment Benefits (continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 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. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

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

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

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 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

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. The Library 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%.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$19,984, \$20,054, and \$10,124, respectively; 100 percent has been contributed for 2015, 2014 and 2013.

**Massillon Public Library  
Stark County**

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

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**Note 10 – Leases**

The Library leases buildings and other equipment. The Library disbursed \$11,355 to pay lease costs for the year ended December 31, 2015 which included a lease buyout payment of \$5,740. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$5,570
2017	5,570
2018	5,570
2019	5,570
2020	1,348
2021-2025	500
2026-2030	500
2031-2035	500
2036-2040	500
2041-2045	500
2046-2050	500
2051-2055	<u>500</u>
Total	<u>\$ 27,128</u>

**Note 11 – Joint Ventures**

The Barry Askren Memorial Branch is a joint venture with the Towpath-YMCA. According to the lease agreement, the Library leases the building at a cost of \$100 per year. The Library is responsible for staffing the building while open to the public.

The Library also entered into a contract with the Stark County District Library and the Louisville Public Library to form the Stark Libraries Information Consortium (SLIC). SLIC Executive Directors Council is the policy making Board for SLIC. Its members consist of the Directors, or their liaisons, of the member libraries. Directors are the voting members. The Stark County District Library purchased a new circulation system in 2007 called Millennium to improve customer access to library collections and allow access to additional items. This new system is used in conjunction with Massillon Public Library and Louisville Public Library as part of the SLIC. The system hardware and software utilized by SLIC is titled to Stark County District Library. SLIC is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the Library. SLIC funding comes from the three member libraries and the Stark County District Library is responsible for dividing the cost on the other members based on a percentage of circulations. Complete financial information of SLIC can be obtained from Stark County District Library. In 2013, Millennium was upgraded to a system called Sierra. This system functions in the same capacity, but was implemented to provide better staff access and reporting capabilities.

**Massillon Public Library  
Stark County**

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

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**Note 12 – Change in Accounting Principle**

For 2015, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27”. GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pension and footnote disclosure. This change was incorporated in the Library’s 2015 financial statements; however, there was no effect on beginning net position/fund balance.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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This discussion and analysis of the Massillon Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2014, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

- Net position of governmental activities decreased \$119,906, or 10 percent, from the prior year.
- The Library's general receipts are primarily property taxes and public library funding (PLF). These receipts represent respectively 32 percent and 58 percent of the total cash received for governmental activities during the year. Property tax receipts decreased less than 1 percent and PLF decreased approximately 1 percent.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

The Library adopts an annual appropriated budget. A budgetary comparison report demonstrates compliance with this budget.

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

**Basis of Accounting**

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

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

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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**Reporting the Library as a Whole**

The Statement of Net Position and the statement of activities reflect how the Library did financially during 2014, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

In the Statement of Net Position and the Statement of Activities, the Library reports all financial activity as Governmental Activities. This activity includes all the Library's basic activities, including library services and capital outlay. Benefits provided through governmental activities are not necessarily paid by the people receiving them.

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

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

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

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2014 compared to 2013 on a cash basis.

(Table 1)			
<b>Net Position</b>			
		<b>Governmental Activities</b>	
		2014	2013
<b>Assets</b>			
Cash and Cash Equivalents		\$1,121,599	\$1,241,505
Total Assets		<u>\$1,121,599</u>	<u>\$1,241,505</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects		\$87,351	\$98,578
Permanent Fund Purpose:			
Expendable		400	
Nonexpendable		21,605	22,001
Other Purposes		400,735	400,095
Unrestricted		611,508	720,831
Total Net Position		<u>\$1,121,599</u>	<u>\$1,241,505</u>

As mentioned previously, net position of governmental activities decreased \$119,906 or 10 percent during 2014. The primary reasons contributing to the change in cash balances are as follows:

- The Library paid approximately \$40,000 toward a revised drainage system from a shared easement to correct persistent water problems. The Library also purchased a self-check machine costing approximately \$10,000 to allow patrons to check out their own materials. While these costs are significant in nature, the real explanation for why there was a decrease in net position in 2014 is that it costs more to run the Library than we receive in revenues. While every effort is made to reduce costs, we maintain a building with sections over 180 years old and other sections over 80 years old, have experienced several consecutive years of record usage, and must operate with state funding at 1996 levels and staffing at 2006 levels.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

Table 2 reflects the changes in net position on a cash basis in 2014 and 2013 for governmental activities.

(Table 2)  
**Changes in Net Position**

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$48,423	\$44,472
Operating Grants and Contributions	10,698	2,467
Capital Grants and Contributions	100	5,000
Total Program Receipts:	<u>59,221</u>	<u>51,939</u>
General Receipts:		
Property Taxes	699,462	702,325
Grants and Entitlement not Restricted to Specific Programs	1,367,753	1,377,387
Unrestricted Gifts and Contributions Grants	10,634	21,706
Interest	1,208	950
Miscellaneous	18,385	11,957
Total General Receipts	<u>2,097,442</u>	<u>2,114,325</u>
Total Receipts	<u>2,156,663</u>	<u>2,166,264</u>
Cash Disbursements:		
Library Services	2,116,082	2,124,677
Capital Outlay	160,487	75,531
Total Disbursements	<u>2,276,569</u>	<u>2,200,208</u>
Increase (Decrease) in Net Position	(119,906)	(33,944)
Net Position January 1	<u>1,241,505</u>	<u>1,275,449</u>
Net Position December 31	<u><u>\$1,121,599</u></u>	<u><u>\$1,241,505</u></u>

Program receipts represent only 3 percent of total receipts and are primarily comprised of charges for services, operating grants and contributions and capital grants and contributions.

General receipts represent 97 percent of the Library's total receipts, and of this amount, 99 percent are unrestricted state entitlements ("PLF") and property taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

**Governmental Activities**

If you look at the Statement of Activities on page 37, you will see that the first column listed on the statement of activities shows the major services provided by the Library. The next column identifies the cost of providing these services. The major program disbursements for governmental activities are for library services which account for 93 percent of all governmental disbursements. The next three columns of the statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Library Services	\$2,116,082	\$2,056,961	\$2,124,677	\$2,077,738
Capital Outlay	160,487	160,387	75,531	70,531
<b>Total</b>	<b>\$2,276,569</b>	<b>\$2,217,348</b>	<b>\$2,200,208</b>	<b>\$2,148,269</b>

The dependence upon "PLF" and property and other tax receipts is apparent as approximately 98 percent of governmental activities are supported through these general receipts.

**The Library's Funds**

Total General Fund receipts were \$2,155,557 and disbursements were \$2,211,481. The fund balance of the General Fund decreased \$109,324. The primary reasons contributing to the change in cash balance were discussed following Table 1 above.

**General Fund Budgeting Highlights**

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

During 2014, the Library amended its General Fund budget several times to reflect changing circumstances. Actual receipts were \$75,893 below budgeted receipts. Actual disbursements were \$125,119 less than budgeted. Anticipated increases in health insurance costs and increased need for various contracted service costs came in below expectation in 2014.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Library relies heavily on the "PLF" and its operating levy to provide quality service to its patrons.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Massillon Public Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Fiscal Officer, Massillon Public Library, 208 Lincoln Way East, Massillon, Ohio 44646.

**Massillon Public Library**  
**Stark County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,121,599
 <b>Net Position</b>	
Restricted for:	
Capital Projects	\$87,351
Permanent Fund Purpose:	
Expendable	400
Nonexpendable	21,605
Other Purposes	400,735
Unrestricted	611,508
<i>Total Net Position</i>	\$1,121,599

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2014*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Library Services	\$2,116,082	\$48,423	\$10,698		(\$2,056,961)
Capital Outlay	160,487			\$100	(160,387)
<i>Total Governmental Activities</i>	<u>\$2,276,569</u>	<u>\$48,423</u>	<u>\$10,698</u>	<u>\$100</u>	<u>(\$2,217,348)</u>
General Receipts:					
					699,462
					10,634
					1,367,753
					1,208
					18,385
					<u>2,097,442</u>
					(119,906)
					<u>1,241,505</u>
					<u>\$1,121,599</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2014*

	General Fund	McClymonds Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$611,508</u>	<u>\$400,605</u>	<u>\$109,486</u>	<u>\$1,121,599</u>
<b>Fund Balances</b>				
Nonspendable			\$21,605	\$21,605
Restricted			530	530
Committed		\$400,605	87,351	487,956
Unassigned	<u>\$611,508</u>			<u>611,508</u>
<i>Total Fund Balances</i>	<u>\$611,508</u>	<u>\$400,605</u>	<u>\$109,486</u>	<u>\$1,121,599</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	General	McClymonds Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$699,462			\$699,462
Public Library	1,256,299			1,256,299
Intergovernmental	111,454			111,454
Patron Fines and Fees	41,173			41,173
Services Provided to Other Entities	7,250			7,250
Contributions, Gifts and Donations	10,634		\$100	10,734
Earnings on Investments	201	\$840	167	1,208
Miscellaneous	29,084			29,084
<i>Total Receipts</i>	<u>2,155,557</u>	<u>840</u>	<u>267</u>	<u>2,156,664</u>
<b>Disbursements</b>				
Library Services	2,115,882		200	2,116,082
Capital Outlay	95,599		64,889	160,488
<i>Total Disbursements</i>	<u>2,211,481</u>	<u>0</u>	<u>65,089</u>	<u>2,276,570</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(55,924)	840	(64,822)	(119,906)
<b>Other Financing Sources (Uses)</b>				
Transfers In			53,400	53,400
Transfers Out	(53,400)			(53,400)
<i>Total Other Financing Sources (Uses)</i>	<u>(53,400)</u>	<u>0</u>	<u>53,400</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(109,324)	840	(11,422)	(119,906)
<i>Fund Balances Beginning of Year</i>	<u>720,832</u>	<u>399,765</u>	<u>120,908</u>	<u>1,241,505</u>
<i>Fund Balances End of Year</i>	<u><u>\$611,508</u></u>	<u><u>\$400,605</u></u>	<u><u>\$109,486</u></u>	<u><u>\$1,121,599</u></u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$800,000	\$800,000	\$699,462	(\$100,538)
Public Library	1,242,000	1,242,000	1,256,299	14,299
Intergovernmental	120,000	120,000	111,454	(8,546)
Patron Fines and Fees	45,000	45,000	41,173	(3,827)
Services Provided to Other Entities	0	0	7,250	7,250
Contributions, Gifts and Donations	5,000	5,000	10,634	5,634
Earnings on Investments	300	300	201	(99)
Miscellaneous	19,150	19,150	29,084	9,934
<i>Total Receipts</i>	2,231,450	2,231,450	2,155,557	(75,893)
<b>Disbursements</b>				
Library Services	2,273,735	2,241,001	2,115,882	125,119
Capital Outlay	59,865	95,599	95,599	0
<i>Total Disbursements</i>	2,333,600	2,336,600	2,211,481	125,119
<i>Excess of Receipts Over (Under) Disbursements</i>	(102,150)	(105,150)	(55,924)	49,226
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(46,400)	(53,400)	(53,400)	0
<i>Total Other Financing Sources (Uses)</i>	(46,400)	(53,400)	(53,400)	0
<i>Net Change in Fund Balance</i>	(148,550)	(158,550)	(109,324)	49,226
<i>Fund Balance Beginning of Year</i>	720,832	720,832	720,832	0
<i>Unencumbered Fund Balance End of Year</i>	\$572,282	\$562,282	\$611,508	\$49,226

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*McClymonds Library Fund*  
*For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Earnings on Investments	\$1,000	\$1,000	\$840	(\$160)
<i>Total Receipts</i>	1,000	1,000	840	(160)
<i>Net Change in Fund Balance</i>	1,000	1,000	840	(160)
<i>Fund Balance Beginning of Year</i>	399,765	399,765	399,765	0
<i>Fund Balance End of Year</i>	<u>\$400,765</u>	<u>\$400,765</u>	<u>\$400,605</u>	<u>(\$160)</u>

See accompanying notes to the basic financial statements

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014*

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

Massillon Public Library, Stark County, Ohio, (the Library) was organized as a school district public library in 1922 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Massillon City School's Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

The Friends of Massillon 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 funds maintained by the organization are not significant in amount to the Library's total resources. Therefore, this organization has been excluded from the reporting entity of the Library.

The Library participated in two joint ventures, the Barry Askren Memorial Branch and the Stark Library Information Consortium. These organizations are described in Note 11 of the Notes to the Basic Financial Statements.

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

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the 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.

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

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

The Statement of Net Position presents the cash balance of the governmental activities of the Library at year's 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. The Library's major funds are presented in separate columns. Non-major 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.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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

**B. Fund Accounting (continued)**

**Governmental Funds**

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange 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.

McClymonds Library Fund – The McClymonds Library Fund accounts for expendable monies received for the benefit of the citizens of the Massillon Public Library. Per the original bequest, the monies can be spent for the purchase, repair, and re-binding of library materials.

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

**C. Basis of Accounting**

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

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**

The Library's funds are legally required to be appropriated. The appropriations resolution is the Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund 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.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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

**D. Budgetary Process (continued)**

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

**E. Cash and Cash Equivalents**

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

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

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

During 2014, the Library's investments were held in STAR Ohio.

STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

STAR Plus is an FDIC-insured investment program that has been fully reviewed and endorsed by the State Treasurer of Ohio. The program offers attractive yields with no market or credit risk, weekly liquidity with penalty free withdrawals. Participants in STAR Plus must be participating in STAR Ohio.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2014 amounted to \$201.

**F. 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.

**G. 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.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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

**H. 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.

**I. 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 post-retirement health care benefits.

**J. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes the revenue sources that are restricted for the Library's own programs.

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.

**K. 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.

***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.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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

K. Fund Balance (continued)

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

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

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

L. Interfund Transactions

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

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Projects - Building and Repair Fund	\$53,400

**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 and the McClymonds Library 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 that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). There were no outstanding encumbrances at year end.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**Note 4 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The Ohio Subdivision Fund (STAR Ohio), the Ohio Subdivision Bank Deposit Program (STAR Plus), and any other investment program as permissible under Section 135.145 of the Ohio Revised Code.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**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.

At year end, the Library had \$1,500 in undeposited, petty cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**A. 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, the carrying amount of the Library's deposits was \$597,561 and the bank balances were \$596,861. The Library's bank balance of \$596,861 was covered by the Federal Deposit Insurance Corporation (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 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.

**B. Investments**

As of December 31, 2014, the Library had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$522,538	Less than 3 months

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**Note 5 – Public Library Fund**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted by the State of Ohio as the funding mechanism for Ohio public libraries in January 2008. The PLF was a fixed 2.22 percent of the total General Revenue Fund (GRF) tax revenue from the preceding month. These funds are distributed to each county monthly through an equalization formula. However, the 2009-2011 State of Ohio biennium budget temporarily reduced the Public Library Fund to 1.97 percent of the total GRF tax revenue and HB153, the Fiscal Year 2011-2013 State of Ohio biennium budget, altered the PLF funding structure and allocation formula by reducing the Public Library Fund to 95 percent of the Fiscal Year 2011 PLF distribution and also reduced and/or eliminated the Tangible Personal Property Tax (TPPT) replacement. In July 2013, state law required a one-time calculation of the new funding percentages by the tax commissioner. The updated funding percentage effective July 2013 was 1.66 percent of the total GRF tax revenue for 2014.

The Stark County Budget Commission allocates these funds to the Library based on formula which incorporates square footage, full-time equivalent employees, circulation, service area population, number of cardholders, door count, website visits, expenditures for library materials and expenditures on technology. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real property and public utility property located in the Massillon City School District and the Villages of Navarre and Brewster.

Property tax receipts received in 2014 for real and public utility property taxes represents collections of the 2013 taxes.

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

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien on December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

**Note 6 - Property Taxes (continued)**

The full tax rate for all Library operations for the year ended December 31, 2014, was \$1.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2014 property tax receipts were based are as follows:

Real Property	\$404,799,590
Public Utility Property	23,404,620
Total Assessed Values	\$428,204,210

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 7 - 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 2014, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Westfield Insurance	Commercial Property	\$9,700,026
	General Liability	3,000,000
	Vehicle	1,000,000
Chubb Group	Errors and Omissions	5,000,000 aggregate

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

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

**Note 8 - Defined Benefit Pension Plan**

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

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**Note 8 - Defined Benefit Pension Plan (continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The Library's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Library's required contributions for pension obligations to the Traditional and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$140,335, \$141,795, and \$147,141, respectively. The full amount has been contributed for 2014, 2013 and 2012.

**Note 9 – Post-employment Benefits**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend health care benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are provided separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**Note 9 – Post-employment Benefits (continued)**

Funding Policy – OPERS' Post-Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of earnable salary for state and local employer units.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the both the Traditional Pension Plan and the Combined Plan was 2 percent during calendar year 2014.

The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$20,054, \$10,124, and \$42,822, respectively; 100 percent has been contributed for 2014, 2013 and 2012.

**Note 10 – Leases**

The Library leases buildings and other equipment. The Library disbursed \$5,596 to pay lease costs for the year ended December 31, 2014. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$5,596
2016	2,560
2017	100
2018	100
2019	100
2020-2024	500
2025-2029	500
2030-2034	500
2035-2039	500
2040-2044	500
2045-2049	500
2050-2054	500
2055	<u>100</u>
Total	<u>\$ 12,056</u>

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014  
(continued)*

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**Note 11 – Joint Ventures**

The Barry Askren Memorial Branch is a joint venture with the Towpath-YMCA. According to the lease agreement, the Library leases the building at a cost of \$100 per year. The Library is responsible for staffing the building while open to the public.

The Library also entered into a contract with the Stark County District Library and the Louisville Public Library to form the Stark Libraries Information Consortium (SLIC). SLIC Executive Directors Council is the policy making Board for SLIC. Its members consist of the Directors, or their liaisons, of the member libraries. Directors are the voting members. The Stark County District Library purchased a new circulation system in 2007 called Millennium to improve customer access to library collections and allow access to additional items. This new system is used in conjunction with Massillon Public Library and Louisville Public Library as part of the SLIC. The system hardware and software utilized by SLIC is titled to Stark County District Library. SLIC is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the Library. SLIC funding comes from the three member libraries and the Stark County District Library is responsible for dividing the cost on the other members based on a percentage of circulations. Complete financial information of SLIC can be obtained from Stark County District Library. In 2013, Millennium was upgraded to a system called Sierra. This system functions in the same capacity, but was implemented to provide better staff access and reporting capabilities.

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

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

Massillon Public Library  
Stark County  
208 Lincoln Way East  
Massillon, Ohio 44646

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Massillon Public Library, Stark County, (the Library) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 28, 2016, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the Library adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.

***Internal Control Over Financial Reporting***

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

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

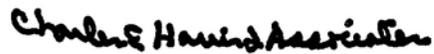
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
May 28, 2016

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# Dave Yost • Auditor of State

MASSILLON PUBLIC LIBRARY

STARK COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 16, 2016