



Dave Yost • Auditor of State



**LOUISVILLE PUBLIC LIBRARY  
STARK COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisville Public Library, Stark County, Ohio (the Library), as of and for the years ended December 31, 2012 and 2011, 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 Louisville Public Library, Stark County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed in Note 13 to the financial statements, during the year ended December 31, 2012 and 2011, the Library adopted the provision of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Also, as discussed in Note 2F to the financial statements the Library adopted new Accounting Guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding these matters.

**Other Matters**

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2013

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Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
Unaudited

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This discussion and analysis of the Louisville Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2012 and 2011, 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 2012 and 2011 are as follows:

Net Position of the Library's activities increased \$72,643 or 11% in 2012 and increased \$120,181 or 22% in 2011.

The Library's general receipts are the Public Library Fund (PLF) and Property Tax Levy receipts. These receipts represent 54% and 34% of the total cash received for governmental activities during 2012 and 57% and 32% for 2011, respectively. PLF tax receipts decreased in 2012 by \$41,509 compared to 2011 and increased by \$15,626 in 2011 compared to 2010. Property Tax receipts increased in 2012 by \$10,390. The net effect in 2012 from the two receipts was a decrease of \$31,119.

The Library implemented a number of cost-saving measures to counteract the effect of the actual decrease in the PLF revenues during 2012, including a reduction in employee travel, operating expenses, purchases of new library materials, and furniture and equipment and other minor accounts.

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

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

#### **Report Components**

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

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

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

#### **Basis of Accounting**

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not

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For the Years Ended December 31, 2012 and 2011  
Unaudited

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recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2012 and 2011, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

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

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

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

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

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

Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
Unaudited

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**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2012, 2011, and 2010 on a cash basis:

(Table 1)

**Net Position**

	Governmental Activities		
	2012	2011	2010
<b>Assets</b>			
Cash and Cash Equivalents	\$734,733	\$662,090	\$541,909
<b>Net Position</b>			
Restricted for:			
Capital Projects	570,170	542,178	486,120
Unrestricted	164,563	120,912	55,789
Total Net Position	\$734,733	\$663,090	\$541,909

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Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
Unaudited

Table 2 reflects the changes in net position on a cash basis in 2012, 2011, and 2010 for governmental activities.

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

	Governmental		
	Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$35,872	\$32,363	\$32,060
Capital Grants and Contributions	767	4,715	0
Total Program Receipts	<u>\$36,639</u>	<u>\$37,078</u>	<u>\$32,060</u>
General Receipts:			
Public Library Fund	465,607	507,116	491,490
Property & Other Local Taxes	292,479	282,089	
Unrestricted Gifts and Contributions	4,975	2,064	7,154
Grants and Entitlements Not Restricted to Specific Programs	49,818	48,767	0
Sale of Capital Assets	5,000	0	15
Interest	2,126	501	1,142
Miscellaneous	12,142	8,778	7,949
Total General Receipts	<u>832,147</u>	<u>849,315</u>	<u>507,750</u>
Total Receipts	<u>868,786</u>	<u>886,393</u>	<u>539,810</u>
Disbursements:			
Library Services	767,156	724,417	546,309
Capital Outlay	28,987	41,795	3,441
Total Disbursements	<u>796,143</u>	<u>766,212</u>	<u>549,750</u>
Increase (Decrease) in Net Position	72,643	120,181	(9,940)
Net Position, January 1	662,090	541,909	551,849
Net Position, December 31	<u>\$734,733</u>	<u>\$662,090</u>	<u>\$541,909</u>

Program receipts represent only 4% of total receipts for the year 2012 and 2011. Program receipts for the years 2012 and 2011 are primarily comprised of patron fines and fees and services provided to other entities and contributions.

General receipts represent 96% of the Library's total receipts for the year 2012 and 2011. PLF makes up the majority of the Library's receipts, 54% for the year 2012 and 57% for the year 2011. Property tax receipts makes up 34% and 32%, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
Unaudited

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General receipts represent 96% of the Library's total receipts for the year 2012 and 2011. PLF makes up the majority of the Library's receipts, 54% for the year 2012 and 57% for the year 2011. Property tax receipts makes up 34% and 32%, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

**Governmental Activities**

If you look at the Statement of Activities on page 13 and 14 for the years 2012 and 2011, respectively, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for overall Library Services which account for 96% for 2012 and 95% for 2011 of all governmental disbursements, respectively. The next column of the Statement of Activities entitled Program Receipts identify amounts paid by people who are directly charged for the service by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided primarily by the State. These net costs are paid from the general receipts which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Library Services	\$767,156	\$730,517	\$724,417	\$687,339
Capital Outlay	28,987	28,987	41,795	41,795
<b>Total Expenses</b>	<b>\$796,143</b>	<b>\$759,504</b>	<b>\$766,212</b>	<b>\$729,134</b>

Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2012 and 2011  
Unaudited

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**The Library's Funds**

For the year 2012, total governmental funds had receipts, excluding other financing sources, of \$863,786 and disbursements, excluding other financing uses, of \$766,143. For 2011, the total governmental funds had receipts of \$886,393 and disbursements, excluding other financing uses, of \$766,143.

General Fund receipts were more than disbursements by 72,643 for 2012 and \$120,181 for 2011. This surplus is from the tax levy receipts.

**General Fund Budgeting Highlights**

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

Final disbursements for 2012 were budgeted at \$907,905 while actual disbursements were \$817,278. The Library kept spending close to budgeted amounts.

Final disbursements for 2011 were budgeted at \$891,055 while actual disbursements were \$816,054.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding.

We rely heavily on the PLF and have very little control over that. Our newly prepared financial forecast predicts more reductions in revenue from the Public Library Fund and/or Property Tax receipts. From PLF, we received \$507,116 in 2011 and it decreased to \$465,605 in 2012. In 2013 we are to receive \$481,335, an increase, and in 2014 \$476,310 a decrease. Our operating tax levy passed in May 2010. We will continue to receive monies from this levy in 2013, 2014, and 2015. In 2012, all properties in Louisville were re-appraised causing a decrease in estimated receipts for 2013. Between the two sources of receipts, we continually fight an ever decreasing budget. The finance committee and the administration are budgeting and have budgeted for the reduction in PLF and/or Property Tax receipts for 2013 and 2014. We have also reviewed the disbursement history of the Library.

The Library continues to explore new technology solutions for staff and patrons and improve telecommunications. We strive to better serve the public with our ever shrinking funds.

**Contacting the Library's Financial Management**

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

**LOUISVILLE PUBLIC LIBRARY**  
**STARK COUNTY**  
*Statement of Net Position - Cash Basis*  
*December 31, 2012*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 734,733</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$ 570,170
Unrestricted	164,563
<i>Total Net Position</i>	<u>\$ 734,733</u>

See accompanying notes to the basic financial statements

**LOUISVILLE PUBLIC LIBRARY  
STARK COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2012*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
Current:				
Library Services	\$ 767,156	\$ 35,872	\$ 767	\$ (730,517)
Capital Outlay	28,987	-	-	(28,987)
<i>Total Governmental Activities</i>	796,143	35,872	767	(759,504)
 <b>General Receipts</b>				
Public Library Fund				465,607
Property Taxes				292,479
Unrestricted Gifts and Contributions				4,975
Grants and Entitlements not Restricted to Specific Programs				49,818
Sale of Capital Assets				5,000
Earnings on Investments				2,126
Miscellaneous				12,142
Total General Receipts and Contributions				832,147
Change in Net Position				72,643
<i>Net Position Beginning of Year</i>				662,090
<i>Net Position End of Year</i>				\$ 734,733

See accompanying notes to the basic financial statements



**LOUISVILLE PUBLIC LIBRARY**  
**STARK COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2012*

	GENERAL FUND	BUILDING & REPAIR FUND	21ST CENTURY FUND	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 164,563	\$ 258,182	\$ 311,988	\$ 734,733
<b>Fund Cash Balance, December 31</b>				
Restricted	\$ 825	-	-	\$ 825
Committed	-	\$ 258,182	\$ 311,988	570,170
Assigned	3	-	-	3
Unassigned	163,735	-	-	163,735
<i>Fund Cash Balance, December 31</i>	<u>\$ 164,563</u>	<u>\$ 258,182</u>	<u>\$ 311,988</u>	<u>\$ 734,733</u>

See accompanying notes to the basic financial statements

**LOUISVILLE PUBLIC LIBRARY  
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012*

	GENERAL FUND	BUILDING & REPAIR FUND	21ST CENTURY FUND	TOTAL
<b>Receipts</b>				
Property and Other Local Taxes	\$ 292,479	\$ -	\$ -	\$ 292,479
Public Library	465,607	-	-	465,607
Intergovernmental	49,818	-	-	49,818
Patron Fines and Fees	23,948	-	-	23,948
Services Provided to Other Entities	11,882	-	-	11,882
Contributions, Gifts and Donations	4,975	-	767	5,742
Earnings on Investments	35	584	1,507	2,126
Miscellaneous	12,185	-	-	12,185
Total Receipts	<u>860,929</u>	<u>584</u>	<u>2,273</u>	<u>863,786</u>
<b>Disbursements</b>				
Current:				
Library Services	757,306	9,850	-	767,156
Capital Outlay	9,972	19,015	-	28,987
Total Disbursements	<u>767,278</u>	<u>28,865</u>	<u>-</u>	<u>796,143</u>
Excess of Receipts Over (Under) Disbursements	<u>93,651</u>	<u>(28,281)</u>	<u>2,273</u>	<u>67,643</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	5,000	5,000
Transfers In	-	-	50,000	50,000
Transfers Out	(50,000)	-	-	(50,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>55,000</u>	<u>5,000</u>
Net Change in Fund Balances	43,651	(28,281)	57,273	72,643
Fund Balances Beginning of Year	<u>120,912</u>	<u>286,463</u>	<u>254,715</u>	<u>662,090</u>
Fund Balances End of Year	<u>\$ 164,563</u>	<u>\$ 258,182</u>	<u>\$ 311,988</u>	<u>\$ 734,733</u>

See accompanying notes to the basic financial statements

**LOUISVILLE 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, 2012*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 329,415	\$ 330,000	\$ 292,479	\$ (37,521)
Public Library	465,000	465,000	465,607	607
Intergovernmental	-	23,934	49,818	25,884
Patron Fines and Fees	19,100	19,100	23,948	4,848
Services Provided to Other Entities	10,500	10,500	11,882	1,382
Contributions, Gifts and Donations	1,300	1,300	4,975	3,675
Earnings on Investments	-	-	35	35
Miscellaneous	10,985	10,985	12,185	1,200
<i>Total receipts</i>	<u>836,300</u>	<u>860,819</u>	<u>860,929</u>	<u>110</u>
<b>Disbursements</b>				
Current:				
Library Services	784,585	818,942	757,306	61,636
Capital Outlay	10,000	9,976	9,972	4
<i>Total Disbursements</i>	<u>794,585</u>	<u>828,918</u>	<u>767,278</u>	<u>61,640</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>41,715</u>	<u>31,901</u>	<u>93,651</u>	<u>61,750</u>
<b>Other Financing Uses</b>				
Transfers Out	-	(50,000)	(50,000)	-
Other Financing Uses	(63,320)	(28,987)	-	28,987
<i>Total Other Financing Uses</i>	<u>(63,320)</u>	<u>(78,987)</u>	<u>(50,000)</u>	<u>28,987</u>
<i>Net Change in Fund Balance</i>	(21,605)	(47,086)	43,651	90,737
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>120,912</u>	<u>120,912</u>	<u>120,912</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 99,307</u>	<u>\$ 73,826</u>	<u>\$ 164,563</u>	<u>\$ 90,737</u>

See accompanying notes to the basic financial statements

**LOUISVILLE PUBLIC LIBRARY**  
**STARK COUNTY**  
*Statement of Net Position - Cash Basis*  
*December 31, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 662,090</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$ 541,178
Unrestricted	120,912
<i>Total Net Position</i>	<u>\$ 662,090</u>

See accompanying notes to the basic financial statements

**LOUISVILLE PUBLIC LIBRARY  
STARK COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2011*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
Current:				
Library Services	\$ 724,417	\$ 32,363	\$ 4,715	\$ (687,339)
Capital Outlay	41,795	-	-	(41,795)
<i>Total Governmental Activities</i>	766,212	32,363	4,715	(729,134)
 <b>General Receipts</b>				
Public Library Fund				507,116
Property Taxes				282,089
Unrestricted Gifts and Contributions				2,064
Grants and Entitlements not Restricted to Specific Programs				48,767
Earnings on Investments				501
Miscellaneous				8,778
Total General Receipts and Contributions				849,315
Change in Net Position				120,181
<i>Net Position Beginning of Year</i>				541,909
<i>Net Position End of Year</i>				\$ 662,090

See accompanying notes to the basic financial statements

**LOUISVILLE PUBLIC LIBRARY**  
**STARK COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2011*

	GENERAL FUND	BUILDING & REPAIR FUND	21ST CENTURY FUND	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 120,912	\$ 286,463	\$ 254,715	\$ 662,090
<b>Fund Cash Balance, December 31</b>				
Restricted	\$ -	\$ -	\$ 2,000	\$ 2,000
Committed	-	286,463	252,715	539,178
Unassigned	120,912	-	-	120,912
<i>Fund Cash Balance, December 31</i>	<u>\$ 120,912</u>	<u>\$ 286,463</u>	<u>\$ 254,715</u>	<u>\$ 662,090</u>

See accompanying notes to the basic financial statements

**LOUISVILLE PUBLIC LIBRARY  
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011*

	GENERAL FUND	BUILDING & REPAIR FUND	21ST CENTURY FUND	TOTAL
<b>Receipts</b>				
Property and Other Local Taxes	\$ 282,089	\$ -	\$ -	\$ 282,089
Public Library	507,116	-	-	507,116
Intergovernmental	48,767	-	-	48,767
Patron Fines and Fees	21,275	-	-	21,275
Services Provided to Other Entities	11,088	-	-	11,088
Contributions, Gifts and Donations	2,064	-	4,715	6,779
Earnings on Investments	-	501	-	501
Miscellaneous	8,778	-	-	8,778
Total Receipts	<u>881,177</u>	<u>501</u>	<u>4,715</u>	<u>886,393</u>
<b>Disbursements</b>				
Current:				
Library Services	713,364	11,053	-	724,417
Capital Outlay	17,690	24,105	-	41,795
Total Disbursements	<u>731,054</u>	<u>35,158</u>	<u>-</u>	<u>766,212</u>
Excess of Receipts Over (Under) Disbursements	<u>150,123</u>	<u>(34,657)</u>	<u>4,715</u>	<u>120,181</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	85,000	250,000	335,000
Transfers Out	(85,000)	(250,000)	-	(335,000)
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>(165,000)</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balances	65,123	(199,657)	254,715	120,181
Fund Balances Beginning of Year	<u>55,789</u>	<u>486,120</u>	<u>-</u>	<u>541,909</u>
Fund Balances End of Year	<u>\$ 120,912</u>	<u>\$ 286,463</u>	<u>\$ 254,715</u>	<u>\$ 662,090</u>

See accompanying notes to the basic financial statements

**LOUISVILLE 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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 340,012	\$ 340,000	\$ 282,089	\$ (57,911)
Public Library	533,216	507,115	507,116	1
Intergovernmental	1,000	1,000	48,767	47,767
Patron Fines and Fees	19,600	19,600	21,275	1,675
Services Provided to Other Entities	10,500	10,500	11,088	588
Contributions, Gifts and Donations	3,450	3,450	2,064	(1,386)
Miscellaneous	5,500	7,041	8,778	1,737
<i>Total receipts</i>	<u>913,278</u>	<u>888,706</u>	<u>881,177</u>	<u>(7,529)</u>
<b>Disbursements</b>				
Current:				
Library Services	689,884	753,677	713,364	40,314
Capital Outlay	15,000	22,500	17,690	4,810
<i>Total Disbursements</i>	<u>704,884</u>	<u>776,177</u>	<u>731,054</u>	<u>45,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>208,394</u>	<u>112,529</u>	<u>150,123</u>	<u>37,595</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	100	100	-	(100)
Transfers Out	-	(85,000)	(85,000)	-
Other Financing Uses	(32,349)	(29,878)	-	29,878
<i>Total Other Financing Sources (Uses)</i>	<u>(32,249)</u>	<u>(114,778)</u>	<u>(85,000)</u>	<u>29,778</u>
<i>Net Change in Fund Balance</i>	176,145	(2,249)	65,123	67,373
<i>Unencumbered Cash Balance Beginning of Year</i>	53,827	53,827	53,827	-
Prior Year Encumbrances Appropriated	1,962	1,962	1,962	-
<i>Unencumbered Cash Balance End of Year</i>	<u>231,934</u>	<u>53,540</u>	<u>120,912</u>	<u>67,373</u>

See accompanying notes to the basic financial statements



**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

The Louisville Public Library was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Louisville City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

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

The Library participates in one joint venture organization, Stark Libraries Information Consortium. This organization is described in Note 11 of the Notes to the Basic Financial Statements.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

The Library participates in one public entity risk pool, the Stark County Schools Council of Government (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of 42 entities, most of which are school districts. The Library provides health insurance coverage through the Council. The Council also provides a Workers' Compensation group rating plan which is an insurance purchasing pool, but the Library does not participate in this program. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services.

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

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

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

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

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

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

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

Governmental funds are financed primarily from intergovernmental receipts 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.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

Capital Project Funds

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

**E. Cash and Cash Equivalents**

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

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

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

During 2012 and 2011, investments were limited to nonnegotiable certificates of deposit.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the following funds for 2012 and 2011, respectively, were:

Building and Repair Fund amounted to \$584 and \$501.  
21<sup>st</sup> Century Fund amounted to \$1,507 and \$0.  
General Fund amounted to \$35 and \$0.

**F. Fund Balance**

Beginning in 2011, fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Library classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

Trustees can commit amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

**G. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Library reports \$825 in 2012 from a local grant and \$2,000 in 2011 from

individuals restricting the donation be put in the 21<sup>st</sup> Century Fund for the future new library and community center.

**H. 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.

**I. 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.

**J. Interfund Receivables/Payables**

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

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

**K. Accumulated Leave**

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

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

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**M. Net Position**

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

**N. 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 (and after nonoperating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$3 in 2012 and \$0 in 2011 for the General Fund.

**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.

**Louisville Public Library**  
**Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

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 two 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;
7. The State Treasurer's investment pool (STAR Ohio).

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

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



**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

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

At December 31, 2012 and 2011, the Library had \$108, respectively, in un-deposited cash on hand which is included as part of *Equity in Pooled Cash and Cash Equivalents* on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2012, \$484,733 of the Library's bank balance of \$734,733 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. At December 31, 2011, \$412,090 of the Library's bank balance of \$662,090 was exposed to this risk.

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

Investments

As of December 31, 2012, the Library had no investments other than nonnegotiable certificates of deposit.

**Note 5 –Grants-in-aid and Tax Receipts**

**A. 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. During the fiscal year (FY) 2010-2011 biennium, the PLF received 1.97 percent of state General Revenue Fund tax revenues. This means the FY10-11 PLF funding percentage was set at roughly 89 percent of the level provided under the law in effect prior to that biennium. During the first month of the FY12-13 biennium (July 2011), PLF funding is based on 2.22% of the state GRF tax revenues. For the remainder of the biennium, August 2011 through June 2013, the "percentage of revenue" funding method will not be used. Instead of receiving allocations tied to the amount of GRF tax revenue received each month, the PLF received a designated percentage of the specific dollar amounts received by the fund during the fiscal year 2011 (July 2010 through June 2011) "base year" period. For August 2011 through June 2013, the budget funds the PLF at 95 percent of the amount received during FY10-11. Funding will be further reduced by roughly another 1.5% each year as funds are diverted to pay for OPLIN and the Library Services for the Blind and Physically Handicapped.

The Stark County Budget Commission allocates these funds to the Library based on a formula which incorporates square footage, full-time equivalent employees, expenditures for library materials and technology, total service area population and number of cardholders, door count and website visits, and circulation. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. During 2012 and 2011, the Library received \$465,607 or 54% and \$507,116 or 58%, respectively, of the Library's annual operating revenue from these funding sources.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

**Note 5 –Grants-in-aid and Tax Receipts (Continued)**

**B. Property Tax Receipts**

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**Note 6 - Risk Management**

**A. Comprehensive**

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 2012, the Library contracted with the below company for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Whitaker Myers Ins. Group	Commercial Property	\$2,274,147
	General Liability(Agg.)	3,000,000
	Commercial Crime	50,000
	Inland Marine(EI Equip)	50,000
	Vehicle	1,000,000
	Library Officials(Agg.)	3,000,000

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

The Library pays the State Workers' Compensation System (the 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.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

**Note 6 - Risk Management (Continued)**

**B. Shared Risk Pool**

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of 42 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$566.36 for single coverage per employee per month for full time employees if elected. Of this amount, the employee contributes 25% or \$141.59. Family coverage is available but the employee contributes 100% of the difference between single and family coverage. The Library offers dental and vision coverage to the full time employees also but the employee contributes 100% of the premium.

**Note 7 - Defined Benefit Pension Plan**

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional 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 is a cost-sharing, multiple-employer defined benefit pension 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.

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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides 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, 2012, 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 2012, member and employer contribution rates were consistent across all three plans.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011 and 2010 were \$55,112, \$49,016 and 35,402, respectively. The Library's required contributions for pension obligations to the member directed plans for the years ended December 31, 2012, 2011, and 2010, were \$628, \$73 and \$0, respectively. The full amount has been contributed for 2012, 2011 and 2010.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

**Note 8 - Postemployment Benefits**

A. Plan Description

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

OPERS maintains 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 members 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.

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 OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits 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>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377

B. 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 benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). 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 Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by retiree, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

**Note 8 - Postemployment Benefits (Continued)**

C. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2012, 2011, and 2010 were \$13,927, \$15,629, and \$12,833 respectively; 100 percent has been contributed for 2012, 2011 and 2010.

**Note 9 – Leases**

In 2012 and 2011, the Library had an ongoing lease agreement with the Auditor of State's Office for the Uniform Accounting Network (UAN) software and computer hardware. UAN fees are calculated on the Library's total resources (unencumbered beginning of the year cash balances plus all receipts and other financing sources except inter-fund advances, transfers, and the proceeds from the sale of bonds, notes and other debt). In 2012 and 2011 the Library paid UAN fees of \$3,180 and \$2,385, respectively.

In 2012 and 2011, the Library had an ongoing lease agreement with Comdoc for the MX2600N Sharp Copier. It is a 60 month lease which was effective on 6/10/09. In 2012 and 2011 the Library paid \$2,326 and \$2,393, respectively.

In 2012 and 2011, the Library entered into a lease agreement with Pitney Bowes Global Financial for a DM100 Desktop Mailing System w/Moistener postage machine. It is a 60 month lease effective 12/20/11. The Library paid \$528 and 608 respectively.

**Note 10 – Interfund Transfers**

All of the following transfers were approved by the Board of Trustees.

The General Fund transferred \$85,000 to the Maintenance & Repair Fund in 2011.

The General Fund transferred \$50,000 to the 21<sup>st</sup> Century Fund in 2012 for the future new library and community center.

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

**Note 11 – Joint Ventures**

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

**Note 12 – Subsequent Events**

During February 2013, the Board of Trustees approved the cash purchase of the former Schmucker property at 125 Church Street for \$99,900.

**Note 13 – Change in Account Principle**

Beginning in 2011, the Library implemented Governmental Accounting Standards Board (GASB) No. 54 "Fund Balance Report and Governmental Fund Type Definitions," No. 62 "Pre-1989 Private Sector Standards" and No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" . The changes were incorporated in the Library's 2011 financial statements; however, there was no effect on the beginning net position/fund balance.

**Note 14 – Related Parties**

A Board Member owns Petiti's Garden Center and Landscaping from which the Library purchased flowers and mulch. During 2012 and 2011, the Library paid Petiti's Garden Center and Landscaping \$787 and \$526, respectively.

**Note 15 – Fund Balances**

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

**Louisville Public Library  
Stark County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2012 and 2011

**Note 15 – Fund Balances (Continued)**

**2012**

Fund Balances	General	Building Repair Fund	21st Century Fund	Total
<b>Restricted for</b>				
General Fund	\$ 825			\$ 825
<i>Total Restricted</i>	825	\$ -	\$ -	825
<b>Committed to</b>				
Building and Repair		258,182		258,182
21st Century			311,988	311,988
<i>Total Committed</i>	0	258,182	311,988	570,170
<b>Assigned to</b>				
General	3			3
<i>Total Assigned</i>	3	0	0	3
<b>Unassigned (Deficit)</b>	163,735			163,735
<i>Total Fund Balances</i>	<u>\$164,563</u>	<u>\$258,182</u>	<u>\$311,988</u>	<u>\$734,733</u>

**2011**

Fund Balances	General	Building Repair Fund	21st Century Fund	Total
<b>Restricted for</b>				
21st Century Fund			\$ 2,000	\$ 2,000
<i>Total Restricted</i>	\$ -	\$ -	2,000	2,000
<b>Committed to</b>				
Building and Repair		286,463		286,463
21st Century			252,715	252,715
<i>Total Committed</i>		286,463	252,715	539,178
<b>Unassigned (Deficit)</b>	120,912			120,912
<i>Total Fund Balances</i>	<u>\$120,912</u>	<u>\$286,463</u>	<u>\$254,715</u>	<u>\$662,090</u>

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# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisville Public Library, Stark County, (the District) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 4, 2013, wherein we noted that the Township adopted new accounting guidance in Governmental Accounting Standards Board No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 4, 2013



# Dave Yost • Auditor of State

**LOUISVILLE PUBLIC LIBRARY**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 4, 2014**