



Mary Taylor, CPA
Auditor of State

LOUISVILLE PUBLIC LIBRARY
STARK COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund and the remaining fund information of the Louisville Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Public Library, Stark County, Ohio, as of December 31, 2006 and 2005, and the changes in modified cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 3, 2007

Louisville Public Library
Stark County

Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of the Louisville Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2006, within the limitations of the Library's modified 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 2006 are as follows:

Net assets of Library activities decreased \$11,159, or 1.66%. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006.

The Library's general receipts are primarily Library and Local Government Support Funds (LLGSF). These receipts represent 93% of the total cash received for governmental activities during the year. LLGSF tax receipts decreased by \$15,041 compared to 2005.

Key highlights for 2005 are as follows:

Net assets of Library activities increased \$7,471, an increase of less than 1%.

The Library's general receipts are primarily Library and Local Government Support Funds (LLGSF). These receipts represent 88% of the total cash received for governmental activities during the year. LLGSF tax receipts decreased by \$8,407 compared to 2004.

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 modified 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Louisville Public Library
Stark County

Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Basis of Accounting (Continued)

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The statement of net assets 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. 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 modified 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 non-financial 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 state revenues.

In the statement of net assets and the statement of activities, the Library reports Governmental activities. All of the Library's programs and services are reported here. These services are primarily funded by LLGSF. 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. 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 information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Building and Repair 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
Stark County

Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2006 and 2005 on a modified cash basis. Since the Library did not prepare financial statements in this format for 2004, a comparative analysis of Net Assets has not been presented for 2004.

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$661,739	\$672,898
Total Assets	<u>\$661,739</u>	<u>\$672,898</u>
Net Assets		
Restricted for:		
Capital Projects	\$611,890	\$596,042
Other Purposes	9,178	8,744
Unrestricted	<u>40,671</u>	<u>68,112</u>
Total Net Assets	<u>\$661,739</u>	<u>\$672,898</u>

Table 2 provides a summary of the Library's changes in net assets for 2006 compared to 2005 on a modified cash basis. Since 2005 is the first year the Library has prepared financial statements following the modified cash basis of accounting, revenue and expense comparisons to fiscal year 2004 are not available.

Louisville Public Library
Stark County

Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services/Sales	<u>\$29,755</u>	<u>\$27,972</u>
General Receipts:		
Library and Local Government Support	700,147	715,188
Contributions, Gifts and Donations	421	2,587
Sale of Capital Assets	43	1,632
Interest	33,006	19,197
Miscellaneous	<u>15,528</u>	<u>45,822</u>
Total General Receipts	<u>749,145</u>	<u>784,426</u>
Total Receipts	<u>778,900</u>	<u>812,398</u>
Disbursements:		
Library Services	776,112	770,056
Capital Outlay	<u>13,947</u>	<u>34,871</u>
Total Disbursements	<u>790,059</u>	<u>804,927</u>
Increase (Decrease) in Net Assets	(11,159)	7,471
Net Assets, January 1	<u>672,898</u>	<u>665,427</u>
Net Assets, December 31	<u>\$661,739</u>	<u>\$672,898</u>

Program receipts represent 3.82% of total receipts for the year 2006 and only 3.44% of total receipts for the year 2005. Program receipts for the years 2006 and 2005 are primarily comprised of patron fines and fees, and services provided to other entities.

General receipts represent 96.18% of the Library's total receipts for the year 2006 and 96.56% of the Library's total receipts for the year 2005. LLGSF make up the balance of the Library's general receipts 93.46% for the year 2006 and 91.17% for the year 2005. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for services represent the costs of running the Library.

Louisville Public Library
Stark County

Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Governmental Activities

If you look at the Statement of Activities on pages 10 and 15 for the years 2006 and 2005, 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 98.23% for 2006 and 95.67% for 2005, of all governmental disbursements. The next column of the Statement 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. A comparison between the total cost of services and the net cost is presented in Table 3. Comparisons to 2004 have not been made since they are not available.

(Table 3)

	Governmental Activities			
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2006	2006	2005	2005
Library Services	\$776,112	\$746,357	\$770,056	\$742,084
Capital Outlay	13,947	13,947	34,871	34,871
Total Expenses	<u>\$790,059</u>	<u>\$760,304</u>	<u>\$804,927</u>	<u>\$776,955</u>

The dependence upon general receipts, in particular LLGSF receipts, is apparent as over 88% of governmental activities for both 2006 and 2005 are supported through these receipts.

The Library's Funds

For the year 2006, the total governmental funds had receipts of \$778,900 and disbursements of \$790,059. The fund balance of the General Fund decreased \$27,604 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income.

General Fund receipts were less than disbursements by \$27,604 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was necessary. Some of these reductions have already been implemented for 2006, including reductions in personnel. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth remains stagnant.

For the year 2005, the total governmental funds had receipts of \$812,398 and disbursements of \$804,927. The fund balance of the General Fund increased \$16,163, which can be largely attributed to various insurance settlements received in 2005.

Louisville Public Library
Stark County

Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

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 2006, the Library did not amend its General Fund budget by a significant amount.

Final disbursements for 2006 were budgeted at \$803,545 while actual disbursements were \$777,204. This occurred due to the Library limiting disbursements due to the decrease in revenue from LIGFS. The difference between final budgeted disbursements and actual disbursements was not significant.

During 2005 the Library did not amend its General Fund budget by a significant amount.

Final disbursements for 2005 were budgeted at \$835,247 while actual disbursements were \$784,325. The difference between final budgeted disbursements and actual disbursements was not significant.

The Library maintained spending within budgeted amounts.

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 state support and have very little control over that. Our newly prepared financial forecast predicts a zero balance budget for 2007; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2008. We reviewed our sources of revenue and determined that increases may not be unlikely. We then reviewed the disbursement history of the Library. We have reduced staffing levels in areas where we felt it would have the least impact on services. All departments have been asked to reduce their spending for supplies.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens 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 Michael Snyder, Director/Deputy Clerk/Treasurer, Louisville Public Library, 700 Lincoln Avenue, Louisville, Ohio 44641.

Louisville Public Library
Stark County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$661,739
Net Assets	
Restricted for:	
Capital Projects	\$611,890
Other Purposes	9,178
Unrestricted	<u>40,671</u>
<i>Total Net Assets</i>	<u><u>\$661,739</u></u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$776,112	\$29,755	(\$746,357)
Capital Outlay	13,947		(13,947)
<i>Total Governmental Activities</i>	<u>\$790,059</u>	<u>\$29,755</u>	(760,304)
		General Receipts	
		Library and Local Government Support	700,147
		Unrestricted Gifts and Contributions	421
		Sale of Capital Assets	43
		Interest	33,006
		Miscellaneous	15,528
		<i>Total General Receipts</i>	<u>749,145</u>
		Change in Net Assets	(11,159)
		<i>Net Assets Beginning of Year</i>	<u>672,898</u>
		<i>Net Assets End of Year</i>	<u>\$661,739</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$40,671	\$611,890	\$9,178	\$661,739
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$40,671			\$40,671
Special Revenue Funds			\$9,178	9,178
Capital Projects Funds		\$611,890		611,890
<i>Total Fund Balances</i>	\$40,671	\$611,890	\$9,178	\$661,739

See accompanying notes to the basic financial statements

**Louisville Public Library
Stark County**

*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Library and Local Government Support	\$700,147			\$700,147
Patron Fines and Fees	20,176			20,176
Services Provided to Other Entities	9,579			9,579
Contributions, Gifts and Donations	421			421
Earnings on Investments	3,706	\$28,704	\$596	33,006
Miscellaneous	15,528			15,528
<i>Total Receipts</i>	<u>749,557</u>	<u>28,704</u>	<u>596</u>	<u>778,857</u>
Disbursements				
Current:				
Library Services	766,000	10,112		776,112
Capital Outlay	11,204	2,743		13,947
<i>Total Disbursements</i>	<u>777,204</u>	<u>12,855</u>	<u>0</u>	<u>790,059</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,647)</u>	<u>15,849</u>	<u>596</u>	<u>(11,202)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	43			43
<i>Net Change in Fund Balances</i>	<u>(27,604)</u>	<u>15,849</u>	<u>596</u>	<u>(11,159)</u>
<i>Fund Balances Beginning of Year</i>	<u>68,275</u>	<u>596,041</u>	<u>8,582</u>	<u>672,898</u>
<i>Fund Balances End of Year</i>	<u>\$40,671</u>	<u>\$611,890</u>	<u>\$9,178</u>	<u>\$661,739</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Library and Local Government Support	\$700,147	\$700,147	\$700,147	\$0
Patron Fines and Fees	18,200	18,200	20,176	1,976
Services Provided to Other Entities	10,500	10,500	9,579	(921)
Contributions, Gifts and Donations	1,500	1,500	421	(1,079)
Earnings on Investments	500	500	3,706	3,206
Miscellaneous	28,000	28,000	15,528	(12,472)
<i>Total Receipts</i>	<u>758,847</u>	<u>758,847</u>	<u>749,557</u>	<u>(9,290)</u>
Disbursements				
Current:				
Library Services	814,400	791,545	766,000	25,545
Capital Outlay	12,000	12,000	11,204	796
<i>Total Disbursements</i>	<u>826,400</u>	<u>803,545</u>	<u>777,204</u>	<u>26,341</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,553)</u>	<u>(44,698)</u>	<u>(27,647)</u>	<u>17,051</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,500	1,500	43	(1,457)
Other Financing Uses	(2,059)	(24,914)		24,914
<i>Total Other Financing Sources (Uses)</i>	<u>(559)</u>	<u>(23,414)</u>	<u>43</u>	<u>23,457</u>
<i>Net Change in Fund Balance</i>	(68,112)	(68,112)	(27,604)	40,508
<i>Fund Balance Beginning of Year</i>	60,275	60,275	60,275	0
Prior Year Encumbrances Appropriated	8,000	8,000	8,000	0
<i>Fund Balance End of Year</i>	<u>\$163</u>	<u>\$163</u>	<u>\$40,671</u>	<u>\$40,508</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$672,898
Net Assets	
Restricted for:	
Capital Projects	\$596,042
Other Purposes	8,744
Unrestricted	<u>68,112</u>
<i>Total Net Assets</i>	<u><u>\$672,898</u></u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Governmental Activities
Governmental Activities			
Library Services	\$770,056	\$27,972	(\$742,084)
Capital Outlay	34,871		(34,871)
<i>Total Governmental Activities</i>	<u>\$804,927</u>	<u>\$27,972</u>	(776,955)
		General Receipts	
		Library and Local Government Support	715,188
		Unrestricted Gifts and Contributions	2,587
		Sale of Capital Assets	1,632
		Interest	19,197
		Miscellaneous	45,822
		<i>Total General Receipts</i>	<u>784,426</u>
		Change in Net Assets	7,471
		<i>Net Assets Beginning of Year</i>	<u>665,427</u>
		<i>Net Assets End of Year</i>	<u>\$672,898</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$68,112	\$596,042	\$8,744	\$672,898
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$8,000			\$8,000
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	60,112			60,112
Special Revenue Funds			\$8,744	8,744
Capital Projects Funds		\$596,042		596,042
<i>Total Fund Balances</i>	<u>\$68,112</u>	<u>\$596,042</u>	<u>\$8,744</u>	<u>\$672,898</u>

See accompanying notes to the basic financial statements

**Louisville Public Library
Stark County**

*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Library and Local Government Support	\$715,188			\$715,188
Patron Fines and Fees	18,003			18,003
Services Provided to Other Entities	9,969			9,969
Contributions, Gifts and Donations	1,587	\$1,000		2,587
Earnings on Investments	287	18,647	\$263	19,197
Miscellaneous	45,822			45,822
<i>Total Receipts</i>	<u>790,856</u>	<u>19,647</u>	<u>263</u>	<u>810,766</u>
Disbursements				
Current:				
Library Services	765,043	5,013		770,056
Capital Outlay	11,282	23,589		34,871
<i>Total Disbursements</i>	<u>776,325</u>	<u>28,602</u>	<u>0</u>	<u>804,927</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,531</u>	<u>(8,955)</u>	<u>263</u>	<u>5,839</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,632			1,632
<i>Net Change in Fund Balances</i>	16,163	(8,955)	263	7,471
<i>Fund Balances Beginning of Year</i>	<u>51,949</u>	<u>604,997</u>	<u>8,481</u>	<u>665,427</u>
<i>Fund Balances End of Year</i>	<u><u>\$68,112</u></u>	<u><u>\$596,042</u></u>	<u><u>\$8,744</u></u>	<u><u>\$672,898</u></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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Library and Local Government Support	\$741,235	\$715,188	\$715,188	\$0
Patron Fines and Fees	21,400	21,400	18,003	(3,397)
Services Provided to Other Entities	9,000	9,500	9,969	469
Contributions, Gifts and Donations	500	500	1,587	1,087
Earnings on Investments	100	100	287	187
Miscellaneous	15,000	40,000	45,822	5,822
<i>Total Receipts</i>	<u>787,235</u>	<u>786,688</u>	<u>790,856</u>	<u>4,168</u>
Disbursements				
Current:				
Library Services	825,484	821,247	773,043	48,204
Capital Outlay	14,000	14,000	11,282	2,718
<i>Total Disbursements</i>	<u>839,484</u>	<u>835,247</u>	<u>784,325</u>	<u>50,922</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(52,249)</u>	<u>(48,559)</u>	<u>6,531</u>	<u>55,090</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	300	300	1,632	1,332
Other Financing Uses		(3,437)		3,437
<i>Total Other Financing Sources (Uses)</i>	<u>300</u>	<u>(3,137)</u>	<u>1,632</u>	<u>4,769</u>
<i>Net Change in Fund Balance</i>	(51,949)	(51,696)	8,163	59,859
<i>Fund Balance Beginning of Year</i>	<u>51,949</u>	<u>51,949</u>	<u>51,949</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$253</u>	<u>\$60,112</u>	<u>\$59,859</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, 2006 and 2005*

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 Clerk-Treasurer.

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. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the 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.

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2 C, the financial statements of the Louisville Public Library have been prepared on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 assets 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 assets 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 intergovernmental receipts and charges for services.

The statement of net assets presents the cash and investment balances of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. 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. 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 modified cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

Governmental funds are financed primarily from intergovernmental receipts and charges for services. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building 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.

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

C. Basis of Accounting

The Library's financial statements are prepared using the *modified* 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 *modified* 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. 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 Clerk-Treasurer. 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.

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

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

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

During 2006, investments were limited to STAR Ohio and non-negotiable certificates of deposit.

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, 2006 and December 31, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2006 and 2005 amounted to \$3,706 and \$287, respectively.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Net Assets

Net assets are 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.

M. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed or permitted by the State Auditor's Office. This year the Library has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis). The general fund encumbrances outstanding at year end (budgetary basis) amounted to \$0 in 2006 and \$8,000 in 2005.

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 5 – 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;
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.

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 5 – Deposits and Investments (Continued)

At December 31 2006 and 2005, the Library had \$90 in undeposited cash on hand which is included as part of Equity in Pooled Cash and Cash *Equivalents* on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006 \$560,915 of the Library's bank balance of \$660,915 and at December 31, 2005 \$570,604 of the Library's bank balance of \$670,604 were 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.

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.

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.

Investments

As of December 31, the Library had the following investments in STAR Ohio:

	<u>Carrying Value</u>	<u>Maturity</u>
2006	\$29,803	Daily
2005	28,386	Daily

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.

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

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 6 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, 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>
Ramsburg Insurance Agency	Commercial Property	\$1,608,608
	General Liability	2,000,000
	Commercial Crime	2,000
	Inland Marine	2,860,093
	Vehicle	1,000,000
	Library Officials	25,000

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

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

Note 7 - Defined Benefit Pension Plan

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

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

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005, were \$53,392, and \$51,524, respectively.

**Louisville Public Library
Stark County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005
(Continued)*

Note 8 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll, 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions which were used to fund postemployment benefits were \$17,538 in 2006 and \$15,210 in 2005. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the remaining fund information of the Louisville Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 3, 2007, wherein, we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Library's management in a separate letter dated December 3, 2007.

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, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated December 3, 2007.

We intend this report solely for the information and use of the Audit Committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 3, 2007



Mary Taylor, CPA
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
JANUARY 10, 2008**