



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 year ended December 31, 2014 and 2013, 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, 2014 and 2013, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other 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 August 17, 2015 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



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

August 17, 2015

Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
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, 2014 and 2013, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2014 and 2013 are as follows:

Net Position of the Library's activities increased \$18,932 or 3% in 2014 and decreased \$60,300 or 8% in 2013.

The Library's general receipts are the Public Library Fund (PLF) and Property Tax Levy receipts. These receipts represent 54% and 31% of the total cash received for governmental activities during 2014 and 55% and 31% for 2013, respectively. PLF tax receipts increased in 2014 by \$2,309 compared to 2013 and increased by \$13,873 in 2013 compared to 2012. Property Tax receipts increased in 2014 and 2013 by \$4,050 and \$25,124 respectively.

The Library implemented a number of cost-saving measures. The Library always tries to find the best value when purchasing items without sacrificing quality.

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

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

#### **Report Components**

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

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

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

#### **Basis of Accounting**

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

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

### **Reporting the Library as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2014 and 2013, 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, 2014 and 2013  
Unaudited

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**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2014, 2013, and 2012 on a cash basis:

(Table 1)

**Net Position**

	Governmental Activities		
	2014	2013	2012
<b>Assets</b>			
Cash and Cash Equivalents	\$693,365	\$674,433	\$734,733
 <b>Net Position</b>			
Restricted for:			
Other Purposes	\$8,476		
Unrestricted	684,889	\$674,433	\$734,733
Total Net Position	\$693,365	\$674,433	\$734,733

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Louisville Public Library  
Management's Discussion and Analysis  
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Table 2 reflects the changes in net position on a cash basis in 2014, 2013, and 2012 for governmental activities.

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

	Governmental		
	Activities		
	2014	2013	2012
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$36,699	\$36,366	\$35,872
Operating Grants and Contributions	6,217	0	0
Capital Grants and Contributions	2,095	1,527	767
Total Program Receipts	<u>\$45,011</u>	<u>\$37,893</u>	<u>\$36,639</u>
General Receipts:			
Public Library Fund	\$481,789	\$479,480	\$465,607
Property & Other Local Taxes	271,405	267,355	292,479
Unrestricted Gifts and Contributions	551	6,394	4,975
Grants and Entitlements Not Restricted to Specific Programs	53,905	49,180	49,818
Sale of Capital Assets	0	0	5,000
Interest	1,507	1,483	2,126
Miscellaneous	31,150	26,139	12,142
Total General Receipts	<u>840,307</u>	<u>830,031</u>	<u>832,147</u>
Total Receipts	<u>885,318</u>	<u>867,924</u>	<u>868,786</u>
Disbursements:			
Library Services	816,178	814,598	767,156
Capital Outlay	50,208	113,626	28,987
Total Disbursements	<u>866,386</u>	<u>928,224</u>	<u>796,143</u>
Increase (Decrease) in Net Position	18,932	(60,300)	72,643
Net Position, January 1	<u>674,433</u>	<u>734,733</u>	<u>662,090</u>
Net Position, December 31	<u>\$693,365</u>	<u>\$674,433</u>	<u>\$734,733</u>

Program receipts represent only 5% and 4% of total receipts for the year 2014 and 2013 respectively. Program receipts for the years 2014 and 2013 are primarily comprised of patron fines and fees and services provided to other entities and contributions.

General receipts represent 95% and 96% of the Library's total receipts for the year 2014 and 2013 respectively. PLF makes up the majority of the Library's receipts, 54% for the year 2014 and 55% for the year 2013. Property tax receipts make up 31% for both 2014 and 2013. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited

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**Governmental Activities**

If you look at the Statement of Activities on page 10 and 15 for the years 2014 and 2013, 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 94% for 2014 and 88% for 2013 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)

<b>Governmental Activities</b>				
	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2014	Net Cost of Services 2014
Library Services	\$814,598	\$776,705	\$816,178	\$771,167
Capital Outlay	113,626	113,626	50,208	50,208
<b>Total Expenses</b>	<b>\$928,224</b>	<b>\$890,331</b>	<b>\$866,386</b>	<b>\$821,375</b>

**The Library's Funds**

For the year 2014, total governmental funds had receipts, excluding other financing sources, of \$885,318 and disbursements, excluding other financing uses, of \$866,386. For 2013, the total governmental funds had receipts of \$867,924 and disbursements, excluding other financing uses, of \$928,224.

General Fund receipts were more than disbursements by \$61,764 for 2014 and receipts were more than disbursements by \$40,088 for 2013.

**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 2014 were budgeted at \$915,074 while actual disbursements were \$875,551. Final disbursements for 2013 were budgeted at \$913,317 while actual disbursements were \$866,213.

Louisville Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited

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**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 a small increase in revenue from the Public Library Fund and/or Property Tax receipts. From PLF, we received \$465,607 in 2012 and it increased to \$479,480 in 2013, \$481,789 in 2014. In 2015 we are to receive \$504,145. Our operating tax levy passed in May 2010. We will continue to receive monies from this levy in 2015. We asked for a levy renewal in 2015 to be collected in 2016-2020. The operating levy was renewed in May 2015. A permanent improvement levy will be on the ballot in November 2015. The finance committee and the administration are budgeting and have budgeted for the slight increase in PLF and/or Property Tax receipts for the remainder of 2015 and 2016.

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

**Contacting the Library's Financial Management**

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

**Louisville Public Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$693,365</u>
<i>Total Assets</i>	<u><u>\$693,365</u></u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	\$8,476
Unrestricted	<u>684,889</u>
<i>Total Net Position</i>	<u><u>\$693,365</u></u>

See accompanying notes to the basic financial statements

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

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Library Services:	\$816,178	\$36,698	\$6,217	\$2,095	(\$771,167)
Capital Outlay	50,208				(50,208)
<i>Total Governmental Activities</i>	866,386	36,698	6,217	2,095	(821,375)
General Receipts:					
					481,789
					271,405
					551
					53,905
					1,507
					31,150
<i>Total General Receipts</i>					840,307
Change in Net Position					18,932
<i>Net Position Beginning of Year</i>					674,433
<i>Net Position End of Year</i>					\$693,365

See accompanying notes to the basic financial statements

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

	<u>General</u>	<u>Repair and Maintenance Fund</u>	<u>21st Century Building Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$181,415</u>	<u>\$211,426</u>	<u>\$300,524</u>	<u>\$693,365</u>
<i>Total Assets</i>	<u><u>\$181,415</u></u>	<u><u>\$211,426</u></u>	<u><u>\$300,524</u></u>	<u><u>\$693,365</u></u>
<b>Fund Balances</b>				
Restricted	\$396			396
Committed	7,830	\$211,426	\$300,524	519,780
Assigned	250			250
Unassigned (Deficit)	<u>172,939</u>			<u>172,939</u>
<i>Total Fund Balances</i>	<u><u>\$181,415</u></u>	<u><u>\$211,426</u></u>	<u><u>\$300,524</u></u>	<u><u>\$693,365</u></u>

See accompanying notes to the basic financial statements

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

	General	Repair and Maintenance Fund	21st Century Building Fund	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$271,405			\$271,405
Public Library	481,789			481,789
Intergovernmental	53,905			53,905
Patron Fines and Fees	22,072			22,072
Services Provided to Other Entities	14,627			14,627
Contributions, Gifts and Donations	6,768	\$1,000	\$1,095	8,863
Earnings on Investments	255	622	630	1,507
Miscellaneous	31,150			31,150
<i>Total Receipts</i>	<u>881,971</u>	<u>1,622</u>	<u>1,725</u>	<u>885,318</u>
<b>Disbursements</b>				
Current:				
Library Services:	814,978	1,200		816,178
Capital Outlay	5,229	44,979		50,208
<i>Total Disbursements</i>	<u>820,207</u>	<u>46,179</u>	<u>0</u>	<u>866,386</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>61,764</u>	<u>(44,557)</u>	<u>1,725</u>	<u>18,932</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			50,000	50,000
Transfers Out	(50,000)			(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	11,764	(44,557)	51,725	18,932
<i>Fund Balances Beginning of Year</i>	<u>169,651</u>	<u>255,983</u>	<u>248,799</u>	<u>674,433</u>
<i>Fund Balances End of Year</i>	<u><u>\$181,415</u></u>	<u><u>\$211,426</u></u>	<u><u>\$300,524</u></u>	<u><u>\$693,365</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$268,190	\$271,405	\$271,405	
Public Library	476,310	481,789	481,789	
Intergovernmental	47,500	53,905	53,905	
Patron Fines and Fees	23,430	22,072	22,072	
Services Provided to Other Entities	12,100	14,627	14,627	
Contributions, Gifts and Donations	3,725	6,768	6,768	
Earnings on Investments	100	255	255	
Miscellaneous	21,015	31,150	31,150	
<i>Total Receipts</i>	<u>852,370</u>	<u>881,971</u>	<u>881,971</u>	
<b>Disbursements</b>				
Current:				
Library Services:	841,097	892,800	815,709	77,091
Capital Outlay	15,977	15,977	9,842	6,135
<i>Total Disbursements</i>	<u>857,074</u>	<u>908,777</u>	<u>825,551</u>	<u>83,226</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,704)</u>	<u>(26,806)</u>	<u>56,420</u>	<u>83,226</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out			(50,000)	(50,000)
Other Financing Uses	(40,000)	(6,297)		6,297
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>(6,297)</u>	<u>(50,000)</u>	<u>(43,703)</u>
<i>Net Change in Fund Balance</i>	(44,704)	(33,103)	6,420	39,523
<i>Unencumbered Fund Balance Beginning of Year</i>	163,397	163,397	163,397	
Prior Year Encumbrances Appropriated	6,254	6,254	6,254	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$124,947</u>	<u>\$136,548</u>	<u>\$176,071</u>	<u>\$39,523</u>

See accompanying notes to the basic financial statements

**Louisville Public Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$674,433</u>
<i>Total Assets</i>	<u><u>\$674,433</u></u>
<b>Net Position</b>	
Unrestricted	<u>674,433</u>
<i>Total Net Position</i>	<u><u>\$674,433</u></u>

See accompanying notes to the basic financial statements

**Louisville Public Library**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2013*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:	\$814,598	\$36,366	\$1,527	(\$776,705)
Capital Outlay	113,626			(\$113,626)
<i>Total Governmental Activities</i>	928,224	36,366	1,527	(\$890,331)
		General Receipts:		
		Public Library Fund	479,480	
		Property Taxes Levied for General Purposes	267,355	
		Unrestricted Gifts and Contributions	6,394	
		Grants/Entitlements not Restricted to Specific Programs	49,180	
		Earnings on Investments	1,483	
		Miscellaneous	26,139	
		<i>Total General Receipts</i>	830,031	
		Change in Net Position		(60,300)
		<i>Net Position Beginning of Year</i>		734,733
		<i>Net Position End of Year</i>		\$674,433

See accompanying notes to the basic financial statements

**Louisville Public Library**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2013*

	General	Repair & Maintenance Fund	21st Century Building Fund	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$169,651	\$255,983	\$248,799	\$674,433
<i>Total Assets</i>	<u>\$169,651</u>	<u>\$255,983</u>	<u>\$248,799</u>	<u>\$674,433</u>
<b>Fund Balances</b>				
Committed		\$255,983	\$248,799	504,782
Assigned	\$4,900			4,900
Unassigned (Deficit)	164,751			164,751
<i>Total Fund Balances</i>	<u>\$169,651</u>	<u>\$255,983</u>	<u>\$248,799</u>	<u>\$674,433</u>

See accompanying notes to the basic financial statements

**Louisville Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Ca.*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Repair and Maintenance Fund	21st Century Building Fund	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$267,355			\$267,355
Public Library	479,480			479,480
Intergovernmental	49,180			49,180
Patron Fines and Fees	24,051			24,051
Services Provided to Other Entities	12,297			12,297
Contributions, Gifts and Donations	6,394		\$1,527	7,921
Earnings on Investments	133	\$691	659	1,483
Miscellaneous	26,157			26,157
<i>Total Receipts</i>	<u>865,047</u>	<u>691</u>	<u>2,186</u>	<u>867,924</u>
<b>Disbursements</b>				
Current:				
Library Services:	814,598			814,598
Capital Outlay	10,361	2,890	100,375	113,626
<i>Total Disbursements</i>	<u>824,959</u>	<u>2,890</u>	<u>100,375</u>	<u>928,224</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>40,088</u>	<u>(2,199)</u>	<u>(98,189)</u>	<u>(60,300)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			35,000	35,000
Transfers Out	(35,000)			(35,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(35,000)</u>	<u>0</u>	<u>35,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	5,088	(2,199)	(63,189)	(60,300)
<i>Fund Balances Beginning of Year</i>	<u>164,563</u>	<u>258,182</u>	<u>311,988</u>	<u>734,733</u>
<i>Fund Balances End of Year</i>	<u>\$169,651</u>	<u>\$255,983</u>	<u>\$248,799</u>	<u>\$674,433</u>

See accompanying notes to the basic financial statements

**Louisville Public Library**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$310,000	\$267,355	\$267,355	
Public Library	481,300	479,480	479,480	
Intergovernmental		49,180	49,180	
Patron Fines and Fees	20,800	24,051	24,051	
Services Provided to Other Entities	11,400	12,297	12,297	
Contributions, Gifts and Donations	1,445	6,394	6,394	
Earnings on Investments	30	133	133	
Miscellaneous	13,365	26,157	26,157	
<i>Total Receipts</i>	838,340	865,047	865,047	
<b>Disbursements</b>				
Current:				
Library Services:	818,611	851,857	816,238	35,619
Capital Outlay	9,706	15,998	14,975	1,023
<i>Total Disbursements</i>	828,317	867,855	831,213	36,642
<i>Excess of Receipts Over (Under) Disbursements</i>	10,023	(2,808)	33,834	36,642
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(35,000)	(35,000)	(35,000)	0
Other Financing Uses	(30,000)	(10,462)		10,462
<i>Total Other Financing Sources (Uses)</i>	(65,000)	(45,462)	(35,000)	10,462
<i>Net Change in Fund Balance</i>	(54,977)	(48,270)	(1,166)	47,104
<i>Unencumbered Fund Balance Beginning of Year</i>	164,560	164,560	164,560	
Prior Year Encumbrances Appropriated	3	3	3	
<i>Unencumbered Fund Balance End of Year</i>	\$109,586	\$116,293	\$163,397	\$47,104

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, 2014 and 2013

**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. 61 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 Louisville 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.

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 85 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

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY (Continued)**

(usually the superintendent, director or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. This organization is further described in Note 6B of the Notes to the Basic Financial Statements.

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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.

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

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**Capital Project Funds**

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

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

**C. Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. 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, and object level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**E. Cash and Cash Equivalents**

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

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

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

During 2014 and 2013, investments were limited to nonnegotiable certificates of deposit.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the following funds for 2014 and 2013 respectively were:

Repair and Maintenance Fund amounted to \$622 and \$691  
21<sup>st</sup> Century Building Fund amounted to \$630 and \$659  
General Fund amounted to \$255 and \$133

**F. Fund Balance**

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.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 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 has no Restricted Assets..

**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.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 had no advances.

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 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 a restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$5,343 in 2014 and \$6,254 in 2013 for the General Fund.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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, 2014 and 2013

**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

At December 31, 2014 and 2013, the Library had \$108 and \$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, 2014, \$443,365 of the Library's bank balance of \$693,365 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, 2013, \$424,433 of the Library's bank balance of \$674,433 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, 2014, 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 first month of the fiscal year 2012-2013 biennium (July 2011), PLF funding is based on 2.22% of the state General Revenue Fund (GRF) tax revenues. For the remainder of the biennium, August 2011 through June 2013, the "percentage of revenue" funding method was not 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. A subsequent reduction to the monthly distributions occurred due to a mandated transfer from the PLF to several other library-related funds.

The Local Government Fund (LGF) funding levels dropped successively in fiscal years 2012-2013. In fiscal year 2013, it received 50 percent fiscal year 2011 funding levels. As part of the law changes adopted with the fiscal year 2012-2013 budgets, the "percentage of revenue" funding approach went back into effect in fiscal year 2014 for both the LGF and the PLF. According to the computation performed in early July 2013, the updated LGF funding percentage is 1.66%. The new LGF funding percentage took effect beginning with the August 2013 distributions. There were no changes made to the direct LGF allocation formula under the fiscal year 2014-2015 budget.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 5 –GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

The Stark County Budget Commission allocates these funds to the Library based on 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 2014 and 2013 the Library received \$481,789 or 54% and \$479,480 or 55%, respectively, of the Library's annual operating revenue from these funding sources.

**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 Intergovernmental. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due January 20. 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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 2014, the Library contracted with Whitaker Myers Insurance for various types of insurance coverage as follows:

Building & Personal Property	\$ 2,443,724
General Liability (Occurrence/Aggregate)	1,000,000 / 3,000,000
Commercial Crime – Public Employee/Forgery Alteration	50,000 / 50,000
Inland Marine	30,000
Computer Coverage – Equipment/Media and Data	75,000 / 10,000
Vehicle – Personal Injury and Property Damage	1,000,000
Public Officials E&O (Occurrence/Aggregate)	1,000,000 / 3,000,000

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

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. Sheakley Uniservice is the Library's third party administrator.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**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 85 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 \$621.44 for single coverage per employee per month for full time employees if elected. Of this amount, the employee contributes 25% or \$155.36. Family coverage is available but the employee contributes 100% of the difference between single and family coverage. The Library offers dental and vision coverage to the full time employees also but the employee contributes 100% of the premium. Financial information and statements can be obtained from the Stark County Schools Council of Governments, 2100 38<sup>th</sup> Street NW, Canton, OH 44709.

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

Plan Description -The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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 OPERS invests employer contributions to provide a formula retirement benefit similar to but less than 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 visiting <https://www.opers.org/investments/cafr.shtm>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 were \$57,123, \$56,598 and \$55,112 respectively. The Library's required contributions for pension obligations to the member directed plans for the years ended December 31, 2014, 2013 and 2012 were \$850, \$537 and \$628 respectively. The full amount has been contributed for 2014, 2013 and 2012.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**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 healthcare 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 postemployment healthcare.

In order to qualify for postemployment healthcare coverage, age and service retirees under the traditional pension and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**B. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund 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 2014, state and local employers contributed at a rate of 14% 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 postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 1.0% for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)**

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2014, 2013 and 2012 were \$8,279, \$4,079, and \$13,927 respectively; 100 percent has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 9 – LEASES**

In 2014 and 2013, 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 2014 and 2013, the Library paid UAN fees of \$2,448 and \$3,030, respectively.

In 2014 and 2013, the Library had an ongoing lease agreement with Comdoc for the MX2600N Sharp copier. It is a 60 month lease which was effective on 06/10/09. This lease expired in 2014. In 2014 and 2013, the Library paid \$3,649 and \$3,439 respectively. At the lease expiration in 2014, we negotiated with Comdoc to keep the MX2600N Sharp copier at no monthly lease fee and lease a new Xerox WorkCentre 7556 for 60 months.

In 2014 and 2013, the Library entered into a lease agreement with Pitney Bowes Global Financial for a DM100 Desktop Mailing System with Moistener postage machine. It is a 60 month lease effective December 20, 2011. In 2014 and 2013, the Library paid \$528 and \$396 respectively.

**NOTE 10 – INTER-FUND TRANSFERS**

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

The amount transferred in 2014 and 2013 from the General Fund to the 21<sup>st</sup> Century Building Fund was \$50,000 and \$35,000 respectively, for the future new library and community center

**NOTE 11 – JOINT VENTURES**

The Library entered into a contract with the Stark County District Library and the Massillon Public Library to form the Stark Libraries Information Consortium (SLIC). SLIC Executive Directors Council is the policy making Board for SLIC. Its members consist of the Directors, or their liaisons, of the member libraries. Directors are the voting members. The Stark County District Library purchased a new circulation system in 2013 called Sierra to improve customer access to library collections and allow access to additional items. This 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 at 715 Market Ave. North, Canton, OH 44702-1018.

**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 12 – SUBSEQUENT EVENTS/TAX LEVY COLLECTION**

Our tax levy expires the end of 2015. In May 2015, a tax levy renewal was on the ballot for the purpose of current expenses at a rate not exceeding one (1.00) mill for each one dollar of valuation, which amounts to ten cents (\$.10) for each hundred dollars of valuation for five years, commencing in 2015, first due in calendar year 2016. The Stark County Auditor certified that the renewal would generate approximately \$314,796 per year for five years. The tax levy renewal did pass.

In February 2015, our Capital Campaign Committee started their private campaign to raise funds to build a new library and community center. The Library also went to the Stark County Community Foundation to see if they would contribute for the new library building. Due to not enough money generated in the Capital Campaign and being turned down by the Foundation, the Board of Trustees had no choice but to go in another direction for funding for a new library building.

In November 2015, there will be a permanent improvement tax levy on the ballot for the purpose of permanent improvements at a rate not exceeding nine-tenths (.90) mill for each one dollar of valuation, which amounts to nine cents (\$.09) for each hundred dollars of valuation for thirty years, commencing in 2015, first due in calendar year 2016. The Stark County Auditor certified that this levy would generate approximately \$289,269 per year for thirty years.

**NOTE 13 – FUND BALANCE**

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

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**Louisville Public Library**  
**Stark County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013

**NOTE 13 – FUND BALANCE (Continued)**

<b>2014</b>				
Fund Balances	General	Repair and Maintenance Fund	21st Century Building Fund	Total
<b>Restricted for</b>				
Created Equal Grant	\$396			\$396
<i>Total Restricted</i>	396	0.00	0.00	396
<b>Committed to</b>				
LSTA Grant Match	7,830			7,830
Repairs and Maintenance		211,426		211,426
New Library and Community Center			300,524	300,524
<i>Total Committed</i>	7,830	211,426	300,524	519,780
<b>Assigned to</b>				
Electricity Exp at old post office	250			250
<i>Total Assigned</i>	250	0	0	250
<b>Unassigned (Deficit)</b>	172,939			172,939
<i>Total Fund Balances</i>	<b>\$181,415</b>	<b>\$211,426</b>	<b>\$300,524</b>	<b>\$693,365</b>
<b>2013</b>				
Fund Balances	General	Repair and Maintenance Fund	21st Century Building Fund	Total
<b>Committed to</b>				
Repairs and Maintenance		\$255,983		\$255,983
New Library and Community Center			\$248,799	248,799
<i>Total Committed</i>	0	255,983	248,799	504,782
<b>Assigned to</b>				
Changing America Grant	1,700			1,700
Roof Repair at Post Office	2,000			2,000
Local Grant-Early Literacy	500			500
Local Grant-Playaway Views	500			500
Electricity Exp at old post office	200			200
<i>Total Assigned</i>	4,900	0	0	4,900
<b>Unassigned (Deficit)</b>	164,751			164,751
<i>Total Fund Balances</i>	<b>\$169,651</b>	<b>\$255,983</b>	<b>\$248,799</b>	<b>\$674,433</b>



# 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 Library) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 17, 2015, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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

August 17, 2015



# 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  
SEPTEMBER 29, 2015