



Dave Yost • Auditor of State

LOUISVILLE PUBLIC LIBRARY
STARK COUNTY

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Dave Yost • 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 of Louisville Public Library, Stark County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009, 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.

As discussed in Note 2, the accompanying financial statements and notes follow the 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 financial position of the governmental activities and each major fund of Louisville Public Library, Stark County, Ohio, as of December 31, 2010 and 2009, and the respective changes in 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 1, 2011

Louisville Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
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 years ended December 31, 2010 and 2009, 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 2010 and 2009 are as follows:

Net assets of the Library's activities decreased \$9,940 or 1.8% in 2010 and decreased \$74,279 or 11.9% in 2009.

The Library's general receipts are primarily the Public Library Fund (PLF). These receipts represent 91% and 90% of the total cash received for governmental activities during 2010 and 2009, respectively. PLF tax receipts decreased in 2010 by \$37,254 compared to 2009 and by \$141,652 in 2009 compared to 2008. This was a dramatic decrease in receipts for 2009.

The Library implemented a number of cost-saving measures to counteract the effect of the actual and predicted decreases in the PLF revenues during 2010 and 2009, including reductions in staff, operating hours and in purchases of new library materials. In November 2009, the Library asked the voters to pass an operating levy but it failed. In May 2010, after the consideration of our Library consolidating with the Stark County District Library the same operating levy passed.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

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

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

Basis of Accounting

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

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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 Assets and the Statement of Activities reflect how the Library did financially during 2010 and 2009, within the limitations of cash basis accounting. The Statement of Net Assets 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 Assets 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 primarily funded by the PLF. 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 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
 Management's Discussion and Analysis
 For the Years Ended December 31, 2010 and 2009
 Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2010, 2009, and 2008 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2010	2009	2008
Assets			
Cash and Cash Equivalents	\$541,909	\$551,849	\$626,128
 Net Assets			
Restricted for:			
Capital Projects	\$486,120	\$495,008	\$555,854
Unrestricted	55,789	56,841	70,274
Total Net Assets	\$541,909	\$551,849	\$626,128

Louisville Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2010, 2009, and 2008 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental		
	Activities		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$32,060	\$33,712	\$36,045
General Receipts:			
Public Library Fund	491,490	528,744	670,396
Unrestricted Gifts and Contributions	7,154	13,951	5,200
Grants and Entitlements Not Restricted to Specific Programs	0	500	2,500
Sale of Capital Assets	15	438	3
Interest	1,142	1,199	16,349
Miscellaneous	7,949	5,806	1,418
Total General Receipts	<u>507,750</u>	<u>550,638</u>	<u>695,866</u>
Total Receipts	<u>539,810</u>	<u>584,350</u>	<u>731,911</u>
Disbursements:			
Library Services	546,309	639,584	701,497
Capital Outlay	3,441	19,045	20,697
Other			970
Total Disbursements	<u>549,750</u>	<u>658,629</u>	<u>723,164</u>
Increase (Decrease) in Net Assets	(9,940)	(74,279)	8,747
Net Assets, January 1	<u>551,849</u>	<u>626,128</u>	<u>617,381</u>
Net Assets, December 31	<u>\$541,909</u>	<u>\$551,849</u>	<u>\$626,128</u>

Program receipts represent only 6% of total receipts for the year 2010 and 2009. Program receipts for the years 2010 and 2009 are primarily comprised of patron fines and fees and services provided to other entities.

General receipts represent 94% of the Library's total receipts for the year 2010 and 2009. PLF makes up the majority of the Library's general receipts, 97% for the year 2010 and 96% for the year 2009. 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, 2010 and 2009
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 11 and 17 for the years 2010 and 2009, 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 99% for 2010 and 97% for 2009 of all governmental disbursements, respectively. 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.

(Table 3)

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Library Services	\$546,309	\$514,249	\$639,584	\$605,872
Capital Outlay	3,441	3,441	19,045	19,045
Total Expenses	\$549,750	\$517,690	\$658,629	\$624,917

The dependence upon PLF funding receipts is apparent as over 94% of governmental activities are supported through these general receipts.

The Library's Funds

For the year 2010, total governmental funds had receipts of \$539,810 and disbursements of \$549,750. For 2009, the total governmental funds had receipts of \$584,350 and disbursements of \$658,629.

The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased from the previous year as the result of decreased PLF tax receipts. The Building and Repair Fund decreased in 2009 due to two transfers into the General Fund totaling \$41,000.

General Fund receipts were less than disbursements by \$1,052 for 2010 and \$13,433 for 2009 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration to ask for an operating tax levy in November 2009. The levy failed. The Library then asked the taxpayers to approve an operating tax levy at the next election in May 2010. This time the levy passed. The Library will receive monies from this tax levy in 2011.

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.

Louisville Public Library
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During 2009, the Library amended its General Fund budget several times due to several decreases in estimated receipts from the Public Library Fund. The Library had to limit disbursements.

Final disbursements for 2010 were budgeted at \$586,323 while actual disbursements were \$541,682. The Library kept spending close to budgeted amounts.

Final disbursements for 2009 were budgeted at \$698,317 while actual disbursements were \$639,608. The Library was limiting disbursements due to the decrease in revenue from the Public Library Fund. The Library had to make many reductions including reducing operating hours, staff, and the purchase of library materials.

Current Issues

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

The passage of Amended Substitute HB 119 changed the source of revenue for the Public Library Fund (PLF) to include all General Revenue Fund tax receipts, including sales taxes, corporate franchise taxes and public utility taxes. The PLF is 1.97% of the General Revenue Fund tax receipts from the preceding month which makes this percentage directly affected by the fluctuations of the economy of the State of Ohio. The PLF represented 91% of the Library's operating revenue for 2010 and 2009.

We rely heavily on the PLF and have very little control over that. Our newly prepared financial forecast predicts more reductions in revenue for the Public Library Fund for 2011; however, the operating tax levy passed in May 2010. We expect to receive monies from this levy in 2011. The finance committee and the administration budgeted for this. We also reviewed the disbursement history of the Library. With the expected revenue, we were able to increase staffing and hours of operation, the purchase of library materials, computers, furniture and equipment, and other areas to better serve the public.

The Library also continues to explore new technology solutions for staff and customers and improved telecommunications among library locations.

Contacting the Library's Financial Management

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

Louisville Public Library
Stark County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Equity in Pooled Cash and Cash Equivalents	<u>\$ 541,909</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 486,120
Unrestricted	<u>55,789</u>
<i>Total Net Assets</i>	<u>\$ 541,909</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Governmental Activities
Governmental Activities			
Library Services	\$ 546,309	\$ 32,060	\$ (514,249)
Capital Outlay	3,441	-	(3,441)
<i>Total Governmental Activities</i>	<u>\$ 549,750</u>	<u>\$ 32,060</u>	<u>(517,690)</u>
		General Receipts	
		Public Library Fund	491,490
		Unrestricted Gifts and Contributions	7,154
		Sale of Capital Assets	15
		Interest	1,142
		Miscellaneous	7,949
		<i>Total General Receipts</i>	<u>507,750</u>
		Change in Net Assets	(9,940)
		<i>Net Assets Beginning of Year</i>	<u>551,849</u>
		<i>Net Assets End of Year</i>	<u>\$ 541,909</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Building and Repair</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 55,789	\$ 486,120	\$ 541,909
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 1,962	\$ -	\$ 1,962
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	53,827	-	53,827
Capital Projects Funds	-	486,120	486,120
<i>Total Fund Balances</i>	<u>\$ 55,789</u>	<u>\$ 486,120</u>	<u>\$ 541,909</u>

See accompanying notes to the basic financial statements

**Louisville Public Library
Stark County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010*

	General	Building and Repair	Total Governmental Funds
Receipts			
Public Library Fund	\$ 491,490	\$ -	\$ 491,490
Patron Fines and Fees	21,503	-	21,503
Services Provided to Other Entities	10,557	-	10,557
Contributions, Gifts and Donations	7,154	-	7,154
Earnings on Investments	-	1,142	1,142
Miscellaneous	7,949	-	7,949
<i>Total Receipts</i>	<u>538,653</u>	<u>1,142</u>	<u>539,795</u>
Disbursements			
Current:			
Library Services	536,279	10,030	546,309
Capital Outlay	3,441	-	3,441
<i>Total Disbursements</i>	<u>539,720</u>	<u>10,030</u>	<u>549,750</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(1,067)</u>	<u>(8,888)</u>	<u>(9,955)</u>
Other Financing Sources			
Sale of Capital Assets	15	-	15
<i>Net Change in Fund Balances</i>	(1,052)	(8,888)	(9,940)
<i>Fund Balances Beginning of Year</i>	<u>56,841</u>	<u>495,008</u>	<u>551,849</u>
<i>Fund Balances End of Year</i>	<u>\$ 55,789</u>	<u>\$ 486,120</u>	<u>\$ 541,909</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, 2010

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Public Library Fund	\$ 487,223	\$ 487,223	\$ 491,490	\$ 4,267
Intergovernmental	500	500	-	(500)
Patron Fines and Fees	20,600	20,600	21,503	903
Services Provided to Other Entities	11,500	11,500	10,557	(943)
Contributions, Gifts and Donations	3,300	3,300	7,154	3,854
Earnings on Investments	-	-	-	-
Miscellaneous	6,350	6,350	7,949	1,599
<i>Total Receipts</i>	<u>529,473</u>	<u>529,473</u>	<u>538,653</u>	<u>9,180</u>
Disbursements				
Current:				
Library Services	552,324	578,885	538,241	40,644
Capital Outlay	5,000	3,554	3,441	113
<i>Total Disbursements</i>	<u>557,324</u>	<u>582,439</u>	<u>541,682</u>	<u>40,757</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,851)</u>	<u>(52,966)</u>	<u>(3,029)</u>	<u>49,937</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	100	100	15	(85)
Other Financing Uses	(29,000)	(3,884)	-	3,884
<i>Total Other Financing Sources (Uses)</i>	<u>(28,900)</u>	<u>(3,784)</u>	<u>15</u>	<u>3,799</u>
<i>Net Change in Fund Balance</i>	(56,751)	(56,750)	(3,014)	53,736
<i>Fund Balance Beginning of Year</i>	54,817	54,817	54,817	-
Prior Year Encumbrances Appropriated	2,024	2,024	2,024	-
<i>Fund Balance End of Year</i>	<u>\$ 90</u>	<u>\$ 91</u>	<u>\$ 53,827</u>	<u>\$ 53,736</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 551,849</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 495,008
Unrestricted	<u>56,841</u>
<i>Total Net Assets</i>	<u>\$ 551,849</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$ 639,584	\$ 33,712	\$ (605,872)
Capital Outlay	19,045	-	(19,045)
<i>Total Governmental Activities</i>	<u>\$ 658,629</u>	<u>\$ 33,712</u>	(624,917)
		General Receipts	
		Public Library Fund	528,744
		Unrestricted Gifts and Contributions	13,951
		Grants and Entitlements not Restricted to Specific Programs	500
		Sale of Capital Assets	438
		Interest	1,199
		Miscellaneous	5,806
		<i>Total General Receipts</i>	<u>550,638</u>
		Change in Net Assets	(74,279)
		<i>Net Assets Beginning of Year</i>	<u>626,128</u>
		<i>Net Assets End of Year</i>	<u>\$ 551,849</u>

See accompanying notes to the basic financial statements

Louisville Public Library
Stark County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Building and Repair</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 56,841	\$ 495,008	\$ 551,849
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 2,024	\$ -	\$ 2,024
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	54,817	-	54,817
Capital Projects Funds		495,008	495,008
<i>Total Fund Balances</i>	<u>\$ 56,841</u>	<u>\$ 495,008</u>	<u>\$ 551,849</u>

See accompanying notes to the basic financial statements

**Louisville Public Library
Stark County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009*

	General	Building and Repair	Total Governmental Funds
Receipts			
Public Library Fund	\$ 528,744	\$ -	\$ 528,744
Intergovernmental	500	-	500
Patron Fines and Fees	23,496	-	23,496
Services Provided to Other Entities	10,216	-	10,216
Contributions, Gifts and Donations	13,951	-	13,951
Earnings on Investments	-	1,199	1,199
Miscellaneous	5,806	-	5,806
<i>Total Receipts</i>	<u>582,713</u>	<u>1,199</u>	<u>583,912</u>
Disbursements			
Current:			
Library Services	637,584	2,000	639,584
Capital Outlay	-	19,045	19,045
<i>Total Disbursements</i>	<u>637,584</u>	<u>21,045</u>	<u>658,629</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(54,871)</u>	<u>(19,846)</u>	<u>(74,717)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	438	-	438
Transfers In	41,000	-	41,000
Transfers Out	-	(41,000)	(41,000)
<i>Total Other Financing Sources (Uses)</i>	<u>41,438</u>	<u>(41,000)</u>	<u>438</u>
<i>Net Change in Fund Balances</i>	(13,433)	(60,846)	(74,279)
<i>Fund Balances Beginning of Year</i>	<u>70,274</u>	<u>555,854</u>	<u>626,128</u>
<i>Fund Balances End of Year</i>	<u>\$ 56,841</u>	<u>\$ 495,008</u>	<u>\$ 551,849</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, 2009

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Public Library Fund	\$ 599,250	\$ 527,887	\$ 528,744	\$ 857
Intergovernmental	-	500	500	-
Patron Fines and Fees	20,600	20,600	23,496	2,896
Services Provided to Other Entities	11,500	11,500	10,216	(1,284)
Contributions, Gifts and Donations	5,300	11,025	13,951	2,926
Miscellaneous	6,950	6,950	5,806	(1,144)
<i>Total Receipts</i>	<u>643,600</u>	<u>578,462</u>	<u>582,713</u>	<u>4,251</u>
Disbursements				
Current:				
Library Services	620,794	698,294	639,608	58,686
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,806</u>	<u>(119,832)</u>	<u>(56,895)</u>	<u>62,937</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	500	438	(62)
Transfers In	-	41,000	41,000	-
Other Financing Uses	(6,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(6,000)</u>	<u>41,500</u>	<u>41,438</u>	<u>(62)</u>
<i>Net Change in Fund Balance</i>	16,806	(78,332)	(15,457)	62,875
<i>Fund Balance Beginning of Year</i>	68,757	68,757	68,757	-
Prior Year Encumbrances Appropriated	1,517	1,517	1,517	-
<i>Fund Balance End of Year</i>	<u>\$ 87,080</u>	<u>\$ (8,058)</u>	<u>\$ 54,817</u>	<u>\$ 62,875</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, 2010 and 2009

Note 1 – Description of the Library and Reporting Entity

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

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. 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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in 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. 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 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 taxes, intergovernmental receipts and other non-exchange transactions.

The Statement of Net Assets 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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 - Summary of Significant Accounting Policies (continued)

General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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.

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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 - Summary of Significant Accounting Policies (continued)

D. Budgetary Process

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

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

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

E. Cash and Cash Equivalents

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

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 2009 and 2010, 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 Building and Repair Fund during 2010 and 2009 amounted to \$1,142 and \$1,199, respectively.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 2 - Summary of Significant Accounting Policies (continued)

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. The Library had no advances.

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 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 post-retirement 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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

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 reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,962 in 2010 and \$2,024 in 2009 for the General Fund.

Note 4 – Deposits and Investments

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

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

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;

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments (continued)

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.

At December 31, 2010 and 2009, the Library had \$108 and \$90, respectively, in un-deposited cash on hand which is not 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, 2010, \$294,979 of the Library's bank balance of \$544,979 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, 2009, \$312,470 of the Library's bank balance of \$562,470 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, 2010, the Library had no investments other than nonnegotiable certificates of deposit.

Note 5 – Public Library Fund

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The PLF was enacted by the State of Ohio as the funding mechanism for Ohio public libraries in January 2008. The PLF is 1.97% of the total General Revenue Fund tax receipts from the preceding month and is distributed to each county monthly through an equalization formula. 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, number of cardholders and circulation. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives. During 2010 and 2009 the Library received \$491,490 or 91% and \$528,744 or 90%, respectively, of the Library's annual operating revenue from these funding sources.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

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 2010, the Library contracted with the below company for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Whitaker Myers Ins. Group	Commercial Property	1,808,650
	General Liability	3,000,000
	Commercial Crime	\$50,000
	Inland Marine	\$3,100,000
	Vehicle	\$1,000,000
	Library Officials	\$1,000,000

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.

B. Shared Risk Pool

The Library has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of 42 entities, most of which are school districts. Rates are set through an annual calculation process. The Library pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The Board of Directors has the right to return monies to an existing entity subsequent to the settlements of all expenses and claims. The Library pays health premiums of \$513.70 for single coverage per employee per month for full time employees if elected. Of this amount, the employee contributes 25% or \$128.43. Family coverage is available but the employee contributes 100% of the difference between single and family coverage. The Library offers dental and vision coverage to the full time employees also but the employee contributes 100% of the premium.

Note 7 - Defined Benefit Pension Plan

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.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 7 - Defined Benefit Pension Plan(Continued)

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) 222-5601 or (800) 222-7377.

Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10% of covered payroll.

The Library's contribution rate for 2010 was 14% of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14%.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$35,402, \$46,591, and \$53,833 respectively. The full amount has been contributed for 2010, 2009 and 2008. The Library did not have any obligations to contribute to the member-directed plan for the years 2010, 2009, and 2008.

Note 8 - Postemployment Benefits

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not mandate, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits(Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14% of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which were allocated to fund postemployment healthcare for members in the Traditional Plan was 5.5% from January through February 28, 2010 and 5.0% from March 1 through December 31, 2010. All of our current employees are members in the Traditional Plan.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$12,833, \$19,625, and \$26,917 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased January 1 of each year, from 2006 to 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Leases

In 2010 and 2009, the Library had one 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 2010 and 2009 the Library paid UAN fees of \$1,290 and \$3,030, respectively. In 2010, UAN implemented a UAN Hardware Surcharge Holiday which lowered the fee significantly from the prior year.

Note 10 – Inter-fund Transfers

The Building & Repair Fund transferred \$41,000 to the General Fund in 2009 for the operation of the Library. This transfer was approved by the Board of Trustees.

Note 11 – Joint Ventures

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

**Louisville Public Library
Stark County**

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and 2009

Note 12 – Subsequent Events/Tax Levy Collection

In November 2009, an additional tax levy for the purpose of current expenses at a rate not exceeding one (1.00) mill for each one dollar of valuation, which amounts to five cents (\$.10) for each hundred dollars of valuation for five years, commencing in 2009, first due in calendar year 2010 was put on the ballot. The tax levy did not pass.

In May 2010, the above tax levy was put on the ballot again and this time passed. Commencing in 2010, first due in calendar year 2011. The Stark County Auditor certified that such additional tax would generate \$340,552 during the first year of collection, based on the current assessed valuation of the School District of \$340,552,150.

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Dave Yost • 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 and each major fund of Louisville Public Library, Stark County, (the Library) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 1, 2011, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted 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 Government 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *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 more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated April 1, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Library. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

April 1, 2011



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
MAY 5, 2011