



Mary Taylor, CPA
Auditor of State

**PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY**

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PERRY COUNTY DISTRICT LIBRARY
PERRY COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry County District Library
Perry County
117 South Jackson Street
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Perry County District Library, Perry County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, 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 cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Perry County District Library, Perry County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the budgetary comparisons for the General and Trading Spaces Grant Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2008, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 26, 2008

PERRY COUNTY DISTRICT LIBRARY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of Perry County District Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2006, 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 2007 are as follows:

Net assets of governmental activities decreased \$121,566, or 40 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2007; however, cost increases affected most funds.

The Library's general receipts are primarily property taxes and library local government support. The Library received \$1,095,078 from the Library and Local Government Support Fund (LLGSF) and \$91,978 from taxes. These receipts represented 81 and 7 percent, respectively, of the total cash received for governmental activities during the year. Property and income tax receipts for 2007 changed very little compared to 2006 as development within the Library has slowed.

During 2007 the Library had a renovation project at the Junction City Branch Library at a cost of \$140,747 for construction, \$11,279 in Architect fees, \$17,100 for shelving and \$10,213 for carpet. The Library also installed new carpet in the lower level of the main library at a cost of \$17,334 and upgraded the security system and computers also.

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$27,166, or 8 percent, from the prior year. The only fund affected by the decrease in cash and cash equivalents was the General Fund, which realized increased disbursements in 2006 from 2005.

The Library's largest receipts consisted of property taxes in the amount of \$91,290 and library local government support in the amount of \$1,095,078. These receipts represented 7 and 84 percent, respectively, of total cash receipts for governmental activities during the year.

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 basic 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.

PERRY COUNTY DISTRICT LIBRARY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, 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 activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

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

In the statement of net assets and the statement of activities, the Library has only one type of activity:

Governmental activities: The Library's basic services are reported here including Library services and capital outlay. The LLGSF finances most of these activities. Benefits provided through governmental activities are not necessarily paid for the people receiving them.

Reporting the Government's Most Significant Funds

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

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.

PERRY COUNTY DISTRICT LIBRARY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For the year ended December 31, 2007, the Library's major governmental funds are the General Fund and the Trading Spaces Grant Fund. For the year ended December 31, 2006, the Library's major governmental funds are the General Fund and the Capital Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$180,870	\$302,436	\$329,602
Total Assets	\$180,870	\$302,436	\$329,602
Net Assets			
Restricted for:			
Capital Projects	\$6,655	\$82,380	\$82,380
Other Purposes	33,297	0	0
Unrestricted	140,918	220,056	247,222
Total Net Assets	\$180,870	\$302,436	\$329,602

As mentioned previously, net assets of governmental activities decreased \$121,566, or 40 percent, during 2007. The primary reasons contributing to the decrease in cash balances are as follows:

- Carpet was installed in lower level of New Lexington;
- Increases in salaries;
- Capital Projects – Junction City Branch Library was renovated;
- Computer and security system upgraded.

Net assets of governmental activities decreased \$27,166, or 8 percent, during 2006. This was due to increased costs of operation of the library while funding remained relatively stable.

PERRY COUNTY DISTRICT LIBRARY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2007, 2006, and 2005 for governmental activities and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$34,253	\$33,474	\$32,139
Operating Grants and Contributions	55,081	13,422	0
Total Program Receipts	<u>89,334</u>	<u>46,896</u>	<u>32,139</u>
General Receipts:			
Property Taxes	91,978	91,290	88,359
Unrestricted Gifts and Contributions	4,216	3,223	2,836
Sale of Capital Assets	543	0	160
Grants and Entitlements Not Restricted to Specific Programs	1,118,774	1,109,717	1,121,824
Interest	8,297	13,369	8,351
Miscellaneous	39,942	45,183	53,690
Total General Receipts	<u>1,263,750</u>	<u>1,262,782</u>	<u>1,275,220</u>
Total Receipts	<u>1,353,084</u>	<u>1,309,678</u>	<u>1,307,359</u>
Disbursements:			
Library Services	1,264,653	1,278,899	1,183,113
Capital Outlay	209,997	57,945	65,817
Total Disbursements	<u>1,474,650</u>	<u>1,336,844</u>	<u>1,248,930</u>
Excess (Deficiency) Before Transfers	(121,566)	(27,166)	58,429
Net Assets, January 1	<u>302,436</u>	<u>329,602</u>	<u>271,173</u>
Net Assets, December 31	<u>\$180,870</u>	<u>\$302,436</u>	<u>\$329,602</u>

Program receipts represent 7, 4, and 2 percent, respectively, of the total receipts for the years ending December 31, 2007, 2006, and 2005 and are primarily comprised of restricted intergovernmental receipts from grants and charges for services for library fees.

General receipts represent 93, 96, and 98 percent, respectively of the Library's total receipts for the years ending December 31, 2007, 2006, and 2005. Of the general receipts, 7 percent are property and local taxes each year. State and federal grants and entitlements make up 89, 88, and 88 percent, respectively, of the Library's general receipts.

Disbursements for Library Services represent the overhead costs of running the Library and the support services provided for the other Library activities. Increases in capital outlay expenditures are a result of renovation projects undertaken by the Library during the period.

PERRY COUNTY DISTRICT LIBRARY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Governmental Activities

If you look at the Statement of Activities 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 payroll and benefits and public services and programs and represent 86, 96, and 95 percent of total disbursements for the years ending December 31, 2007, 2006, and 2005, respectively. The remaining costs of the Library represent capital outlay.

The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the programs receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Library Services	\$1,264,653	\$1,175,319	\$1,278,899	\$1,232,003	\$1,183,113	\$1,150,974
Capital Outlay	209,997	209,997	57,945	57,945	65,817	65,817
Total Disbursements	<u>\$1,474,650</u>	<u>\$1,385,316</u>	<u>\$1,336,844</u>	<u>\$1,289,948</u>	<u>\$1,248,930</u>	<u>\$1,216,791</u>

The dependence upon property taxes and LLGSF monies for 2007 and 2006 is apparent as 94 and 96 percent, respectively, of governmental activities are supported through the Library's general receipts.

The Library's Funds

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds for 2007 are the General Fund and the Trading Spaces Grant Fund. The Library's major governmental funds for 2006 are the General Fund and the Capital Project Fund.

The governmental funds for 2007 had receipts of \$1,352,541 and disbursements of \$1,474,650. Capital Project Fund disbursements increased by \$75,725 due to renovations being performed by the Library. These disbursements were funded with carryover cash balances from previous years. General Fund disbursements exceeded receipts in 2007 by \$79,138. Receipts in the General Fund remained relatively stable while disbursements increased by \$62,341 due to capital outlays funded by the Library's General Fund.

The governmental funds for 2006 had receipts of \$1,309,678 and disbursements of \$1,336,844. General Fund disbursements exceeded receipts by \$27,166. Increases in governmental fund disbursements in the amount of \$87,914 can be attributed to the increased cost of operation of the Library.

PERRY COUNTY DISTRICT LIBRARY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

General Fund Budgeting Highlights

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

During 2007 and 2006, the Library made only minor modifications to the original budget. For 2007, final disbursements were budgeted at \$1,617,466 while actual disbursements were \$1,457,500. Final receipts were budgeted at \$1,396,910 while actual receipts were \$1,319,244. For 2006, final disbursements were budgeted at \$1,557,722 while actual disbursements were \$1,513,597. Final receipts were budgeted at \$1,310,000 while actual receipts were \$1,309,418. Although receipts failed to live up to expectations, appropriations were not required to be reduced. The Library kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Library does not report capital assets and infrastructure under the cash basis of accounting.

Debt

For further information regarding the Library's leases, refer to Note 9 to the basic financial statements.

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 Library and Local Government Support Fund. With the LLGSF being frozen at the 2004 level and with the uncertainty of future funding, the Library will be faced with making changes over the next several years to contain costs and determine what other options are available to the Library to increase financial resources.

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 Ruth E. Sullivan, Fiscal Officer, Perry County District Library, 117 South Jackson Street, New Lexington, Ohio 43764.

Perry County District Library
Perry County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$180,870</u>
<i>Total Assets</i>	<u><u>\$180,870</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$6,655
Other Purposes	33,297
Unrestricted	<u>140,918</u>
<i>Total Net Assets</i>	<u><u>\$180,870</u></u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Library Services	\$1,264,653	\$34,253	\$55,081	(\$1,175,319)
Capital Outlay	209,997	0	0	(209,997)
<i>Total Governmental Activities</i>	\$1,474,650	\$34,253	\$55,081	(1,385,316)
	General Receipts			
	Property Taxes Levied for General Purposes			91,978
	Unrestricted Gifts and Contributions			4,216
	Grants and Entitlements not Restricted to Specific Programs			1,118,774
	Sale of Capital Assets			543
	Interest			8,297
	Miscellaneous			39,942
				1,263,750
	<i>Total General Receipts</i>			1,263,750
	Change in Net Assets			(121,566)
	<i>Net Assets Beginning of Year</i>			302,436
	<i>Net Assets End of Year</i>			\$180,870

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Trading Spaces Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$140,918	\$33,297	\$6,655	\$180,870
<i>Total Assets</i>	<u>\$140,918</u>	<u>\$33,297</u>	<u>\$6,655</u>	<u>\$180,870</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$58,575	\$33,297	\$3,275	\$95,147
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	82,343	0	0	82,343
Capital Projects Funds	0	0	3,380	3,380
<i>Total Fund Balances</i>	<u>\$140,918</u>	<u>\$33,297</u>	<u>\$6,655</u>	<u>\$180,870</u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Trading Spaces Grant Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$91,978	\$0	\$0	\$91,978
Intergovernmental	45,481	33,297	0	78,778
Library and Local Government Support	1,095,078	0	0	1,095,078
Patron Fines and Fees	32,339	0	0	32,339
Contributions, Gifts and Donations	4,216	0	0	4,216
Earnings on Investments	8,297	0	0	8,297
Miscellaneous	41,855	0	0	41,855
<i>Total Receipts</i>	<u>1,319,244</u>	<u>33,297</u>	<u>0</u>	<u>1,352,541</u>
Disbursements				
Current:				
Library Services	1,264,653	0	0	1,264,653
Capital Outlay	134,272	0	75,725	209,997
<i>Total Disbursements</i>	<u>1,398,925</u>	<u>0</u>	<u>75,725</u>	<u>1,474,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(79,681)</u>	<u>33,297</u>	<u>(75,725)</u>	<u>(122,109)</u>
Other Financing Sources				
Sale of Capital Assets	543	0	0	543
<i>Total Other Financing Sources</i>	<u>543</u>	<u>0</u>	<u>0</u>	<u>543</u>
<i>Net Change in Fund Balances</i>	(79,138)	33,297	(75,725)	(121,566)
<i>Fund Balances Beginning of Year</i>	<u>220,056</u>	<u>0</u>	<u>82,380</u>	<u>302,436</u>
<i>Fund Balances End of Year</i>	<u>\$140,918</u>	<u>\$33,297</u>	<u>\$6,655</u>	<u>\$180,870</u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$92,733	\$92,733	\$91,978	(\$755)
Intergovernmental	26,387	26,387	45,481	19,094
Library and Local Government Support	1,185,000	1,185,000	1,095,078	(89,922)
Patron Fines and Fees	31,200	31,200	32,339	1,139
Contributions, Gifts and Donations	3,110	3,110	4,216	1,106
Earnings on Investments	5,000	5,000	8,297	3,297
Miscellaneous	53,480	53,480	41,855	(11,625)
<i>Total Receipts</i>	<u>1,396,910</u>	<u>1,396,910</u>	<u>1,319,244</u>	<u>(77,666)</u>
Disbursements				
Current:				
Library Services	1,476,966	1,459,896	1,304,995	154,901
Capital Outlay	140,500	157,570	152,505	5,065
<i>Total Disbursements</i>	<u>1,617,466</u>	<u>1,617,466</u>	<u>1,457,500</u>	<u>159,966</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(220,556)</u>	<u>(220,556)</u>	<u>(138,256)</u>	<u>82,300</u>
Other Financing Sources				
Sale of Capital Assets	500	500	543	43
<i>Total Other Financing Sources</i>	<u>500</u>	<u>500</u>	<u>543</u>	<u>43</u>
<i>Net Change in Fund Balance</i>	(220,056)	(220,056)	(137,713)	82,343
<i>Fund Balance Beginning of Year</i>	43,043	43,043	43,043	0
Prior Year Encumbrances Appropriated	177,013	177,013	177,013	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$82,343</u>	<u>\$82,343</u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Trading Spaces Grant Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$33,297	\$33,297	\$33,297	\$0
<i>Total Receipts</i>	<u>33,297</u>	<u>33,297</u>	<u>33,297</u>	<u>0</u>
Disbursements				
Library Services	33,297	33,297	33,297	0
<i>Total Disbursements</i>	<u>33,297</u>	<u>33,297</u>	<u>33,297</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$302,436</u>
<i>Total Assets</i>	<u><u>\$302,436</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$82,380
Unrestricted	<u>220,056</u>
<i>Total Net Assets</i>	<u><u>\$302,436</u></u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services	\$1,278,899	\$33,474	\$13,422	(\$1,232,003)
Capital Outlay	57,945	0	0	(57,945)
<i>Total Governmental Activities</i>	<u>\$1,336,844</u>	<u>\$33,474</u>	<u>\$13,422</u>	(1,289,948)
General Receipts				
Property Taxes Levied for General Purposes				91,290
Unrestricted Gifts and Contributions				3,223
Grants and Entitlements not Restricted to Specific Programs				1,109,717
Interest				13,369
Miscellaneous				45,183
<i>Total General Receipts</i>				<u>1,262,782</u>
Change in Net Assets				(27,166)
<i>Net Assets Beginning of Year</i>				<u>329,602</u>
<i>Net Assets End of Year</i>				<u>\$302,436</u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$220,056	\$82,380	\$0	\$302,436
<i>Total Assets</i>	<u>\$220,056</u>	<u>\$82,380</u>	<u>\$0</u>	<u>\$302,436</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$177,013	\$75,000	\$0	\$252,013
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	43,043	0	0	43,043
Capital Projects Funds	0	7,380	0	7,380
<i>Total Fund Balances</i>	<u>\$220,056</u>	<u>\$82,380</u>	<u>\$0</u>	<u>\$302,436</u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$91,290	\$0	\$0	\$91,290
Intergovernmental	27,801	0	260	28,061
Library and Local Government Support	1,095,078	0	0	1,095,078
Patron Fines and Fees	30,702	0	0	30,702
Contributions, Gifts and Donations	3,223	0	0	3,223
Earnings on Investments	13,369	0	0	13,369
Miscellaneous	47,955	0	0	47,955
<i>Total Receipts</i>	<u>1,309,418</u>	<u>0</u>	<u>260</u>	<u>1,309,678</u>
Disbursements				
Current:				
Library Services	1,278,639	0	260	1,278,899
Capital Outlay	57,945	0	0	57,945
<i>Total Disbursements</i>	<u>1,336,584</u>	<u>0</u>	<u>260</u>	<u>1,336,844</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,166)</u>	<u>0</u>	<u>0</u>	<u>(27,166)</u>
Other Financing Sources (Uses)				
Advances In	200	0	200	400
Advances Out	(200)	0	(200)	(400)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(27,166)</u>	<u>0</u>	<u>0</u>	<u>(27,166)</u>
<i>Fund Balances Beginning of Year</i>	<u>247,222</u>	<u>82,380</u>	<u>0</u>	<u>329,602</u>
<i>Fund Balances End of Year</i>	<u>\$220,056</u>	<u>\$82,380</u>	<u>\$0</u>	<u>\$302,436</u>

See accompanying notes to the basic financial statements

Perry County District Library
Perry County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$95,891	\$95,891	\$91,290	(\$4,601)
Intergovernmental	32,031	32,031	27,801	(4,230)
Library and Local Government Support	1,100,000	1,100,000	1,095,078	(4,922)
Patron Fines and Fees	30,000	30,100	30,702	602
Contributions, Gifts and Donations	3,500	3,500	3,223	(277)
Earnings on Investments	5,000	5,000	13,369	8,369
Miscellaneous	43,378	43,478	47,955	4,477
<i>Total Receipts</i>	<u>1,309,800</u>	<u>1,310,000</u>	<u>1,309,418</u>	<u>(582)</u>
Disbursements				
Current:				
Library Services	1,396,318	1,396,318	1,358,152	38,166
Capital Outlay	161,404	161,404	155,445	5,959
<i>Total Disbursements</i>	<u>1,557,722</u>	<u>1,557,722</u>	<u>1,513,597</u>	<u>44,125</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(247,922)</u>	<u>(247,722)</u>	<u>(204,179)</u>	<u>44,707</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	500	500	0	(500)
Advances In	200	0	200	200
Advances Out	0	0	(200)	(200)
<i>Total Other Financing Sources (Uses)</i>	<u>700</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
<i>Net Change in Fund Balance</i>	(247,222)	(247,222)	(204,179)	44,207
<i>Fund Balance Beginning of Year</i>	205,109	205,109	205,109	0
Prior Year Encumbrances Appropriated	<u>42,113</u>	<u>42,113</u>	<u>42,113</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$43,043</u>	<u>\$44,207</u>

See accompanying notes to the basic financial statements

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Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Description of the Library and Reporting Entity

The Perry County District Library (the Library) was organized as a county district library in 1936 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members. Four members are appointed by the County Commissioners and three members are appointed by the Common Pleas Judge. 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 Executive Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Perry County Commissioners, although the Board of County Commissioners serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purposes of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners 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 Perry County Commissioners.

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 Perry County Commissioners.

Component units are legally separate organizations for which the Library is financially accountable. The Library has no component units.

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 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 and the fund financial statements for the proprietary funds, 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 Library. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange 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 Fund - The Capital Project Fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

Trading Spaces Grant Fund – This Fund receives federal and state grant monies for a grant administered to benefit the Library.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

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 and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

E. Cash and Cash Equivalents

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

During 2006, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2007 amounted to \$8,297 which includes \$2,197 assigned from other Library funds. Interest receipts credited to the General Fund during 2006 amounted to \$13,369 which includes \$4,338 assigned from other Library funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. There were no long-term obligations as of December 31, 2007.

K. 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. The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. 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.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (Continued)

M. 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.

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 – Budget Basis presented for the General Fund and the Trading Spaces Grant 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 that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2007 (budgetary basis) amounted to \$58,575 for the General Fund and \$33,297 for the Trading Spaces Grant Fund. The encumbrances outstanding at December 31, 2006 (budgetary basis) amount to \$177,013 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;

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (Continued)

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 (STAROhio).

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.

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, 2007, \$29,807 of the Library's bank balance of \$129,807 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, 2006, \$0 of the Library's bank balance of \$95,881 was exposed to custodial credit 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, 2007, the Library had the following investment:

	Carrying Value	Maturity
STAROhio	\$81,772	Average 41 days

As of December 31, 2006, the Library had the following investment:

	Carrying Value	Maturity
STAROhio	\$251,663	Average 35 days

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (Continued)

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

STAROhio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 – Grants In Aid and Property Taxes

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the taxing district. Property tax receipts received in 2007 and 2006 for real and public utility property taxes represents collections of the 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Grants In Aid and Property Taxes (Continued)

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

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

Note 6 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Thompson Insurance	Commercial Property	\$3,415,000
	General Liability	1,000,000
	Inland Marine	100,000
France and Associates	Errors and Omissions	
	Per Occurrence	1,000,000
	Aggregate	2,000,000

During 2006, the Library contracted with companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Thompson Insurance	Commercial Property	\$3,193,200
	General Liability	1,000,000
	Inland Marine	100,000
France and Associates	Errors and Omissions	
	Per Occurrence	1,000,000
	Aggregate	2,000,000

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 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.

The Library health insurance is provided through the Perry County Commissioner's office.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Defined Benefit Pension Plan

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.50 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 was 13.85 percent. For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$129,563, \$127,739, and 119,283 respectively; the full amount has been contributed for 2007, 2006, and 2005. Contributions to the member-directed plan for 2007 were \$76,850 made by the Library and \$52,713 made by the plan members. Contributions to the member-directed plan for 2006 were \$77,093 made by the Library and \$50,646 made by the plan members.

Note 8 – Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 to June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Perry County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 – Postemployment Benefits (Continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase between 0.5 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions which were used to fund postemployment benefits were \$51,437 for 2007 and \$41,898 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

Note 9 – Leases

The Library leases buildings and equipment. For the year ended December 31, 2007, the Library disbursed \$42,000 for leases of buildings and \$23,556 for copiers and equipment. For the year ended December 31, 2006, the Library disbursed \$42,000 for leases of buildings and \$21,805 for copiers and equipment.

Note 10 – Construction and Contractual Commitments

During 2006, the Library awarded a contract in the amount of \$153,790 to Lepi Enterprises, Inc., for the renovation of the Junction City Branch Library. As of December 31, 2007, \$140,747 has been paid to Lepi Enterprises, Inc.

Note 11 – Contingent Liabilities

The Library is not involved in any lawsuits.

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

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

Perry County District Library
Perry County
117 South Jackson Street
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry County District Library, Perry County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 26, 2008, wherein we noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 26, 2008



Mary Taylor, CPA
Auditor of State

PERRY COUNTY DISTRICT LIBRARY

PERRY 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
OCTOBER 14, 2008**