

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY  
Regular Audit  
For the Years Ended  
December 31, 2008 and 2007**

*Perry & Associates*  
**Certified Public Accountants, A.C.**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Loudonville Public Library  
122 East Main Street  
Loudonville, Ohio 44842

We have reviewed the *Independent Auditors' Report* of the Loudonville Public Library, Ashland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Loudonville Public Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 19, 2009

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**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT**

June 29, 2009

Loudonville Public Library  
Ashland County  
122 East Main Street  
Loudonville, Ohio 44842

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 **Loudonville Public Library, Ashland County, Ohio** (the Library), as of and for the years ended December 31, 2008 and 2007, 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 an opinion 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2C, the Library has prepared these financial statements following the modified cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

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 Loudonville Public Library, Ashland County, Ohio, as of December 31, 2008 and 2007, 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 2C describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009, 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.

Loudonville Public Library  
Ashland County  
Independent Accountants' Report  
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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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.



**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Management's Discussion and Analysis*

*For the Years Ended December 31, 2008 and 2007*

Unaudited

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This discussion and analysis of the Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2008 and 2007 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.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- Total assets of as December 31, 2008 were \$417,370, a decrease of \$17,177, or 3.95% from 2007.
- General Receipts accounted for \$696,282 or 92.73 percent of all receipts. Program receipts in the form of charges for services, operating grants and contributions accounted for \$54,612 or 7.27 percent of total receipts.
- The library had \$768,071 in disbursements relating to governmental activities; only \$54,612 of these disbursements were offset by program specific charges for services, operating grants or contributions.
- Before 2008 public libraries were funded from the Library and Local Government Support Fund (LLGFS) which was primarily from Personal Income Tax. As of January 2008, Ohio's public libraries are funded through 2.22% of the state's total general tax revenue. These receipts represent 91 percent of the total cash received by the library during 2008. Due to the present down turn of the economy the 2008 Public Library Fund (PLF) receipts were down 1.6% from the 2007 LLGFS receipts from \$693,771 to \$682,615.

Key financial highlights for 2007 are as follows:

- Total assets of as December 31, 2007 were \$434,547, an increase of \$20,635, or 4.99% from 2006.
- General Receipts accounted for \$717,251 or 93.26 percent of all receipts. Program receipts in the form of charges for services, operating grants and contributions accounted for \$52,136 or 6.74 percent of total receipts.
- The library had \$748,752 in disbursements relating to governmental activities; only \$52,136 of these disbursements was offset by program specific charges for services, operating grants or contributions.

**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 which the use is restricted to a particular specified purpose. These statements present financial information by fund.

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

**Basis of Accounting**

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

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

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited  
(Continued)*

**Reporting the Library as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2008 and 2007, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Library at year end.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the reliance on PLF funding, the condition of the Library's assets and the extent of the Library's debt obligations or absence thereof

In the Statement of Net Assets and the Statement of Activities, the assets and activity of the Library are represented as Governmental Activities. All of the Library's basic services are reported here.

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 reporting and demonstrate that money is restricted as to how it may be used and is being spent for the intended purpose. The funds of the Library are all 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 information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund, Building and Repair Fund, and Permanent Improvement Fund.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 and 2007 compared to 2006 on a modified cash basis:

**Table 1**

	Net Assets - Governmental Activities						
	2008	2007	Change	%	2006	Change	%
Cash and Cash Equivalents	\$ 407,247	\$ 424,424	\$ (17,177)	-4%	\$ 69,309	\$ 355,115	512%
Investments	10,123	10,123	-	0%	344,603	(334,480)	-97%
Total Assets	417,370	434,547	(17,177)	-4%	413,912	20,635	5%
Net Assets							
Restricted For:							
Capital Projects	126,656	137,574	(10,918)	-8%	162,457	(24,883)	-15%
Permanent Fund:							
Nonexpendable	3,838	3,838	-	0%	-	3,838	100%
Other Puposos	32,545	38,165	(5,620)	-15%	39,317	(1,152)	-3%
Unrestricted	254,331	254,970	(639)	<1%	212,138	42,832	20%
Total Net Assets	\$ 417,370	\$ 434,547	\$ (17,177)	-4%	\$ 413,912	\$ 20,635	5%

As mentioned previously, net assets of governmental activities decreased \$17,177 or 3.95% during 2008 and increased \$20,635 or 4.99% during 2007.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Management's Discussion and Analysis*

*For the Years Ended December 31, 2008 and 2007*

Unaudited

*(Continued)*

Table 2 reflects the changes in net assets on a modified cash basis in 2008, 2007 and 2006 for Library activities.

**Table 2**

	Changes in Net Assets - Governmental Activities						
	2008	2007	Difference	%	2006	Difference	%
<b>Cash Receipts:</b>							
Program Receipts:							
Charges for Services	\$ 17,765	\$ 17,546	\$ 219	1%	\$ 16,259	\$ 1,287	8%
Operating Grants and Contributions	36,847	34,590	2,257	7%	42,220	(7,630)	-18%
Total Program Receipts	54,612	52,136	2,476	5%	58,479	(6,343)	-11%
General Receipts:							
Intergovernmental	682,615	693,771	(11,156)	-2%	693,771	-	0%
Other Local Taxes	1,464	3,769	(2,305)	-61%	7,062	(3,293)	-47%
Unrestricted Gifts and Contributions	2,883	1,619	1,264	78%	-	1,619	100%
Earnings on Investments	8,411	16,906	(8,495)	-50%	15,850	1,056	7%
Miscellaneous	909	1,186	(277)	-23%	4,624	(3,438)	-74%
Total General Receipts	696,282	717,251	(20,969)	-3%	721,307	(4,056)	-1%
Total Cash Receipts	750,894	769,387	(18,493)	-2%	779,786	(10,399)	-1%
Cash Disbursements:							
Governmental Activities:							
General Public Services	482,946	465,519	17,427	4%	461,110	4,409	1%
Purchased and Contracted Services	124,403	137,036	(12,633)	-9%	126,815	10,221	8%
Library Materials & Information	118,216	101,564	16,652	16%	92,597	8,967	10%
Capital Outlay	20,635	22,762	(2,127)	-9%	30,794	(8,032)	-26%
Debt Service:							
Principal Retirement	15,248	14,409	839	6%	68,613	(54,204)	-79%
Interest	6,623	7,462	(839)	-11%	11,284	(3,822)	-34%
Total Cash Disbursements	768,071	748,752	19,319	3%	791,213	(42,461)	-5%
Changes in Net Assets	(17,177)	20,635			(11,427)		
Net Assets at Beginning of Year	434,547	413,912			425,339		
Net Assets at End of Year	\$ 417,370	\$ 434,547	\$ (17,177)	-4%	\$ 413,912	\$ 20,635	5%

Receipts from PLF/LLGSF represent 91% of the Library's total receipts for 2008 and 90% in 2007. All other receipts are insignificant in comparison. Miscellaneous receipts, unrestricted donations and interest comprise the balance of the Library's general receipts.

**Governmental Activities**

The majority of the Library's disbursements are for public service and programs, which are library services. The only exception is the payments for debt reduction.

The Program Receipts portion of each Statement of Activities identifies amounts of revenues directly received and generated for a specific program of the Library. Charges for services and sales are the fines and fees paid by library patrons and operating grants and contributions are gifts and donations contributed for a specific purpose. The Net Receipts (Disbursements) column on each statement compares the program receipts to the costs of the services. This "Net Cost" amount represents the cost of the services, which ends up being paid from the money provided by general receipts, which for the Library are primarily PLF as presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Management's Discussion and Analysis*

*For the Years Ended December 31, 2008 and 2007*

Unaudited

*(Continued)*

**Table 3**

	Governmental Activities					
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services 2008	of Services 2008	of Services 2007	of Services 2007	of Services 2006	of Services 2006
Public Services						
General Public Services	\$ 482,946	\$ (465,181)	\$ 465,519	\$ (447,973)	\$ 461,110	\$ (437,131)
Purchased and Contracted Services	124,403	(120,353)	137,036	(132,506)	126,815	(122,315)
Library Materials and Information	118,216	(94,391)	101,564	(81,504)	92,597	(73,857)
Capital Outlay	20,635	(11,663)	22,762	(12,762)	30,794	(19,534)
Debt Service	21,871	(21,871)	21,871	(21,871)	79,897	(79,897)
Total Expenses	<u>\$ 768,071</u>	<u>\$ (713,459)</u>	<u>\$ 748,752</u>	<u>\$ (696,616)</u>	<u>\$ 791,213</u>	<u>\$ (732,734)</u>

The dependence upon the PLF/LLGSF is apparent as over 90% of governmental activities were supported through this funding in 2008 and 2007.

**The Library's Funds**

Total governmental funds had receipts of \$750,894 and disbursements of \$768,071 for 2008 and receipts of 769,387 and disbursements of \$748,752 in 2007.

General Fund receipts were only slightly less than disbursements by \$639 in 2008 and were more than disbursements in 2007 by 42,832, indicating the Library is careful in its spending and ordering and it was the Board's goal to keep disbursement within the amount of current year's receipts.

**General Fund Budgeting Highlights**

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

During the course of both 2008 and 2007, the Library amended its appropriations. The budgetary statement reflects both the original and final amount appropriated.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently keep track of its capital assets and infrastructure.

**Debt**

As of December 31, 2008, the Library's remaining outstanding principal balance was \$106,587 and \$121,835 as of December 31, 2007. Installments will be paid through 2014. For further information regarding the Library's debt see Note 8 to the financial statements.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by funding, reduced during the latter part of 2008. We rely almost entirely on funding received from the PLF. The current condition of the economy and the reduced funding makes Library budgeting difficult. The Board of Trustees has taken a very conservative approach to the 2009 budget by anticipating PLF Revenue to further erode by 7% from the 2008 Revenue. The Director will be taking a conservation approach to spending where possible in 2009 to conserve cash and will be actively seeking donations to help fund programs such as the Summer Reading Program.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Management's Discussion and Analysis*

*For the Years Ended December 31, 2008 and 2007*

Unaudited

*(Continued)*

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**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 Susan L. Burwell, Fiscal Officer, Loudonville Public Library, 122 East Main Street, Loudonville, OH 44842.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**

*Statement of Net Assets - Modified Cash Basis*

*As of December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 407,247
Investments	<u>10,123</u>
<i>Total Assets</i>	<u><u>417,370</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	126,656
Permanent Fund:	
Nonexpendable	3,838
Other Purposes	32,545
Unrestricted	<u>254,331</u>
<i>Total Net Assets</i>	<u><u>\$ 417,370</u></u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**

*Statement of Activities - Modified Cash Basis*

*For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
General Public Service and Programs	\$ 482,946	\$ 17,765	\$ -	\$ (465,181)
Purchased and Contracted Services	124,403	-	4,050	(120,353)
Library Materials and Informations	118,216	-	23,825	(94,391)
Capital Outlay	20,635	-	8,972	(11,663)
Debt Service:				
Principal Retirement	15,248	-	-	(15,248)
Interest	6,623	-	-	(6,623)
<i>Total Governmental Activities</i>	<u>\$ 768,071</u>	<u>\$ 17,765</u>	<u>\$ 36,847</u>	<u>(713,459)</u>
 <b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				682,615
Property and Other Local Taxes				1,464
Unrestricted Gifts and Contributions				2,883
Earnings on Investments				8,411
Miscellaneous				909
<i>Total General Receipts</i>				<u>696,282</u>
Change in Net Assets				(17,177)
<i>Net Assets Beginning of Year</i>				<u>434,547</u>
<i>Net Assets End of Year</i>				<u>\$ 417,370</u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2008*

	General Fund	Building and Repair Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 254,331	\$ 10,996	\$ 109,375	\$ 32,545	\$ 407,247
Investments	-	6,285	-	3,838	10,123
<i>Total Assets</i>	<u>254,331</u>	<u>17,281</u>	<u>109,375</u>	<u>36,383</u>	<u>417,370</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	145,623	-	-	596	146,219
Reserved for Permanent Fund Purpose	-	-	-	3,838	3,838
Unreserved:					
Undesignated, Reported in:					
General Fund	108,708	-	-	-	108,708
Special Revenue Funds	-	-	-	29,946	29,946
Capital Projects Funds	-	17,281	109,375	-	126,656
Permanent Fund	-	-	-	2,003	2,003
<i>Total Fund Balances</i>	<u>\$ 254,331</u>	<u>\$ 17,281</u>	<u>\$ 109,375</u>	<u>\$ 36,383</u>	<u>\$ 417,370</u>

The notes to the basic financial statements are an integral part of this statement.



**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**  
*Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General Fund	Building and Repair Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 1,464	\$ -	\$ -	\$ -	\$ 1,464
Library and Local Government Support	682,615	-	-	-	682,615
Patron Fines and Fees	17,416	-	-	-	17,416
Contributions, Gifts and Donations	5,086	-	-	34,644	39,730
Earnings on Investments	8,118	17	-	276	8,411
Miscellaneous	1,258	-	-	-	1,258
<i>Total Receipts</i>	<u>715,957</u>	<u>17</u>	<u>-</u>	<u>34,920</u>	<u>750,894</u>
<b>Disbursements</b>					
Current:					
Public Services:					
General Public Service and Programs	482,870	-	-	76	482,946
Purchased and Contracted Services	120,526	-	-	3,877	124,403
Library Materials and Informations	91,249	-	-	26,967	118,216
Capital Outlay	11,016	-	-	9,619	20,635
Debt Service:					
Principal Retirement	7,516	-	7,732	-	15,248
Interest and Fiscal Charges	3,419	-	3,204	-	6,623
<i>Total Disbursements</i>	<u>716,596</u>	<u>-</u>	<u>10,936</u>	<u>40,539</u>	<u>768,071</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(639)	17	(10,936)	(5,619)	(17,177)
<i>Fund Balances Beginning of Year</i>	<u>254,970</u>	<u>17,264</u>	<u>120,310</u>	<u>42,003</u>	<u>434,547</u>
<i>Fund Balances End of Year</i>	<u>\$ 254,331</u>	<u>\$ 17,281</u>	<u>\$ 109,374</u>	<u>\$ 36,384</u>	<u>\$ 417,370</u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**

*Statement of Receipts, Disbursements, and Changes*

*In Fund Balance - Budget and Actual -Budget Basis*

*General Fund*

*For the Year Ended December 31, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,500	\$ 2,500	\$ 1,464	\$ (1,036)
Intergovernmental	681,279	681,279	682,615	1,336
Patron Fines and Fees	15,000	15,000	17,416	2,416
Contributions, Gifts and Donations	1,000	1,000	5,086	4,086
Interest	10,000	10,000	8,118	(1,882)
Miscellaneous	1,375	1,375	1,258	(117)
<i>Total Receipts</i>	<u>711,154</u>	<u>711,154</u>	<u>715,957</u>	<u>4,803</u>
<b>Disbursements</b>				
Current:				
Public Services:				
General Public Service and Programs	486,350	493,756	484,703	9,053
Purchased and Contracted Services	135,326	142,704	128,777	13,927
Library Materials and Informations	84,933	100,403	98,043	2,360
Capital Outlay	19,800	23,007	13,839	9,168
Debt Service:				
Principal Retirement	-	122,000	114,268	7,732
Interest	-	25,793	22,589	3,204
<i>Total Disbursements</i>	<u>726,409</u>	<u>907,663</u>	<u>862,219</u>	<u>45,444</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,255)</u>	<u>(196,509)</u>	<u>(146,262)</u>	<u>50,247</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(58,451)	(58,461)	-	58,461
<i>Total Other Financing Sources (Uses)</i>	<u>(58,451)</u>	<u>(58,461)</u>	<u>-</u>	<u>58,461</u>
<i>Net Change in Fund Balance</i>	(73,706)	(254,970)	(146,262)	108,708
<i>Fund Balance Beginning of Year</i>	73,716	73,716	73,716	-
Prior Year Encumbrances Appropriated	181,254	181,254	181,254	-
<i>Fund Balance End of Year</i>	<u>\$ 181,264</u>	<u>\$ -</u>	<u>\$ 108,708</u>	<u>\$ 108,708</u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**

*Statement of Net Assets - Modified Cash Basis*

*As of December 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 424,424
Investments	<u>10,123</u>
<i>Total Assets</i>	<u><u>434,547</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	137,574
Permanent Fund:	
Nonexpendable	3,838
Other Purposes	38,165
Unrestricted	<u>254,970</u>
<i>Total Net Assets</i>	<u><u>\$ 434,547</u></u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**

*Statement of Activities - Modified 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
<b>Governmental Activities</b>				
Public Services:				
General Public Service and Programs	\$ 465,519	\$ 17,546	\$ -	\$ (447,973)
Purchased and Contracted Services	137,036	-	4,530	(132,506)
Library Materials and Informations	101,564	-	20,060	(81,504)
Capital Outlay	22,762	-	10,000	(12,762)
Debt Service:				
Principal Retirement	14,409	-	-	(14,409)
Interest	7,462	-	-	(7,462)
<i>Total Governmental Activities</i>	<u>\$ 748,752</u>	<u>\$ 17,546</u>	<u>\$ 34,590</u>	(696,616)
 <b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				693,771
Property and Other Local Taxes				3,769
Unrestricted Gifts and Contributions				1,619
Earnings on Investments				16,906
Miscellaneous				1,186
<i>Total General Receipts</i>				<u>717,251</u>
 Change in Net Assets				 20,635
<i>Net Assets Beginning of Year</i>				413,912
<i>Net Assets End of Year</i>				\$ 434,547

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2007*

	General Fund	Building and Repair Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 254,970	\$ 10,979	\$ 120,310	\$ 38,165	\$ 424,424
Investments	-	6,285	-	3,838	10,123
<i>Total Assets</i>	<u>254,970</u>	<u>17,264</u>	<u>120,310</u>	<u>42,003</u>	<u>434,547</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	181,254	-	-	3,941	185,195
Reserved for Permanent Fund Purpose	-	-	-	3,838	3,838
Unreserved:					
Undesignated, Reported in:					
General Fund	73,716	-	-	-	73,716
Special Revenue Funds	-	-	-	32,541	32,541
Capital Projects Funds	-	17,264	120,310	-	137,574
Permanent Fund	-	-	-	1,683	1,683
<i>Total Fund Balances</i>	<u>\$ 254,970</u>	<u>\$ 17,264</u>	<u>\$ 120,310</u>	<u>\$ 42,003</u>	<u>\$ 434,547</u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General Fund	Building and Repair Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 3,769	\$ -	\$ -	\$ -	\$ 3,769
Intergovernmental	693,771	-	-	-	693,771
Patron Fines and Fees	17,546	-	-	-	17,546
Contributions, Gifts and Donations	4,149	-	-	32,060	36,209
Interest	16,655	19	-	232	16,906
Miscellaneous	1,186	-	-	-	1,186
<i>Total Receipts</i>	<u>737,076</u>	<u>19</u>	<u>-</u>	<u>32,292</u>	<u>769,387</u>
<b>Disbursements</b>					
Current:					
Public Services:					
General Public Service and Programs	465,519	-	-	-	465,519
Purchased and Contracted Services	132,521	-	-	4,515	137,036
Library Materials and Informations	79,625	-	-	21,939	101,564
Capital Outlay	16,579	109	2,922	3,152	22,762
Debt Service:					
Principal Retirement	-	-	14,409	-	14,409
Interest	-	-	7,462	-	7,462
<i>Total Disbursements</i>	<u>694,244</u>	<u>109</u>	<u>24,793</u>	<u>29,606</u>	<u>748,752</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	42,832	(90)	(24,793)	2,686	20,635
<i>Fund Balances Beginning of Year</i>	<u>212,138</u>	<u>17,354</u>	<u>145,103</u>	<u>39,317</u>	<u>413,912</u>
<i>Fund Balances End of Year</i>	<u>\$ 254,970</u>	<u>\$ 17,264</u>	<u>\$ 120,310</u>	<u>\$ 42,003</u>	<u>\$ 434,547</u>

The notes to the basic financial statements are an integral part of this statement.

**LOUDONVILLE PUBLIC LIBRARY- ASHLAND 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		
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ 3,769	\$ 3,769
Intergovernmental	676,015	676,015	693,771	17,756
Patron Fines and Fees	15,000	15,000	17,546	2,546
Contributions, Gifts and Donations	2,000	2,000	4,149	2,149
Interest	1,500	1,500	16,655	15,155
Miscellaneous	2,775	2,775	1,186	(1,589)
<i>Total Receipts</i>	<u>697,290</u>	<u>697,290</u>	<u>737,076</u>	<u>39,786</u>
<b>Disbursements</b>				
Current:				
Public Services:				
General Public Service and Programs	484,559	489,724	473,694	16,030
Purchased and Contracted Services	129,837	142,761	139,738	3,023
Library Materials and Informations	81,850	96,434	94,491	1,943
Capital Outlay	18,800	21,146	19,782	1,364
Debt Service:				
Principal Retirement	-	122,000	122,000	-
Interest	-	25,793	25,793	-
<i>Total Disbursements</i>	<u>715,046</u>	<u>897,858</u>	<u>875,498</u>	<u>22,360</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,756)</u>	<u>(200,568)</u>	<u>(138,422)</u>	<u>62,146</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(44,863)	(11,570)	-	11,570
<i>Total Other Financing Sources (Uses)</i>	<u>(44,863)</u>	<u>(11,570)</u>	<u>-</u>	<u>11,570</u>
<i>Net Change in Fund Balance</i>	(62,619)	(212,138)	(138,422)	73,716
<i>Fund Balance Beginning of Year</i>	62,619	62,619	62,619	-
Prior Year Encumbrances Appropriated	149,519	149,519	149,519	-
<i>Fund Balance End of Year</i>	<u>\$ 149,519</u>	<u>\$ -</u>	<u>\$ 73,716</u>	<u>\$ 73,716</u>

The notes to the basic financial statements are an integral part of this statement.

## LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2008 and 2007*

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### **Note 1— Description of the Library and Reporting Entity**

The Loudonville Public Library is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library has its own Board of Trustees of seven members appointed by the Loudonville-Perrysville Exempted Village School 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.

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 Loudonville Public Library has no component units.

The Loudonville Public Library provides the community with numerous and varied educational and literary resources

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 2C, the financial statements of the Loudonville Public Library have been prepared on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

#### **A. Basis of Presentation**

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



**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2008 and 2007  
(Continued)*

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

**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. Governmental activities generally are financed through Library and Local Government Support Fund (LLGSF) or the Public Library Fund (PLF) receipts and other non-exchange transactions.

The statement of net assets presents the modified cash basis financial conditions of the governmental type 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 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 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**

Fund financial statements are designed to present financial information of the Library at a more detailed level. The focus of governmental fund financial statements is on major funds. The Library only uses governmental fund types.

**B. Fund Accounting**

The Library uses a general fund 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 fund is classified as governmental.

**Governmental Funds**

The Governmental fund is financed primarily from Library and Local Government Support Funds and other non-exchange transactions. Monies are assigned to governmental funds according to the purposes for which they may or must be used. The following is 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.

*Permanent Improvement Fund* – the Permanent Improvement fund account for receipt of funds set aside for planned permanent improvements.

**C. Basis of Accounting**

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related disbursements are not recorded in these financial statements.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2008 and 2007  
(Continued)*

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**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. The legal level of control has been established at the fund level and major category of the object code level for all funds. The Fiscal Officer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board. 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**

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 (contra revenue), respectively.

During 2008 and 2007, investments were limited to money market savings accounts, STAR Ohio, stock in Kroger, Sprint and JPMorgan Chase. Except for the money market savings accounts and STAR Ohio these investments are recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code.

**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. Restricted assets represent \$3,838 at December 31, 2008 and December 31, 2007.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2008 and 2007  
(Continued)*

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

**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. 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.

**J. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**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. Net assets restricted for other purposes include resources restricted for medical books.

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. The library has Fund balance reserves of \$146,219 as of December 31, 2008 and reserves of \$185,195 as of December 31, 2007.

**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(s) 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).

**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.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2008 and 2007  
(Continued)*

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**Note 4—Deposits and Investments (Continued)**

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

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

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged to the Library by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 year end 2008, the Library was not subject to custodial credit risk as the bank balances of \$80,511 with Farmers Bank and \$71,369 with National City Bank were fully insured by FDIC. The \$83,397 Farmers Bank and \$95,235 National City bank balances at year end 2007 were also fully insured by FDIC.

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.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements*

*For the Years Ended December 31, 2008 and 2007*

(Continued)

**Note 4—Deposits and Investments (Continued)**

**Investments**

As of December 31, 2008, the Library had donations of stock as investments in Kroger, Sprint, and JPMorgan Chase which are recorded at amounts at the time of receipt and not marked to market. The investments were recorded at the following values:

Kroger	\$	3,838
Sprint	\$	985
JPMorgan Chase	\$	5,300

BNY Melon’s trust department holds the Library’s equity securities in book entry form in the Library’s name.

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.

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.”

STAR Ohio carries a rating of AAA by Standard and Poor’s. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service 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.

**Note 5 - 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 2008, the Library contracted with several companies for various types of insurance coverage as follows:

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>
Pekin Insurance	Commercial Property	\$3,120,000
	General Liability	4,000,000
Chubb Group of Insurance	Directors & Officers Liability	3,000,000
	Employment Practices Liability	3,000,000
State Auto Insurance	Crime & Fidelity	\$2,500

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements  
For the Years Ended December 31, 2008 and 2007  
(Continued)*

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**Note 5 - Risk Management (Continued)**

During 2007, the Library contracted with several companies for various types of insurance coverage as follows:

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>
Indiana Insurance	Commercial Property	\$3,120,000
	General Liability	4,000,000
Chubb Group of Insurance	Directors & Officers Liability	3,000,000
	Employment Practices Liability	3,000,000
State Auto Insurance	Crime & Fidelity	2,500

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

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

**Note 6- 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. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

For the year ended December 31, 2008 the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2008 was 14 percent. 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. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations for the years ended December 31, 2008, 2007, and, 2006 were \$52,661, \$53,883, and \$46,631 respectively; the full amount has been contributed for 2008, 2007, and 2006.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements*

*For the Years Ended December 31, 2008 and 2007*

(Continued)

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**Note 7 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll; 7.0 percent of covered payroll was the portion that was used to fund health care. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; the portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 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 at the projected wage inflation rate plus an additional factor ranging from 0.50 and 4.00 percent for the next 7 years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

All investments are carried at market. 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.

The number of active contributing participants in the traditional and combined plans was 363,503 as of December 31, 2008. Actual employer contributions for 2008 that were used to fund post-employment benefits were 14 % of covered payroll. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 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. Members and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**LOUDONVILLE PUBLIC LIBRARY – ASHLAND COUNTY**

*Notes to the Basic Financial Statements*

*For the Years Ended December 31, 2008 and 2007*

(Continued)

**Note 8 - Notes Payable**

Debt outstanding at December 31, 2008 was as follows:

Governmental Activities	Interest Rate	Principle Outstanding 12/31/2006	Additions	Deletions	Principle Outstanding 12/31/2007	Due in One Year
Lease Purchase Agreement- Construction and Renovation Project	5.75%	\$ 136,244	\$ -	\$ 14,409	\$ 121,835	\$ 15,248

Governmental Activities	Interest Rate	Principle Outstanding 12/31/2007	Additions	Deletions	Principle Outstanding 12/31/2008	Due in One Year
Lease Purchase Agreement- Construction and Renovation Project	5.75%	\$ 121,835	\$ -	\$ 15,248	\$ 106,587	\$ 16,136

On July 15, 1999, the Library entered into \$1,418,500 lease purchase agreement with Farmers and Savings Bank for the construction of 16,000 square feet addition to the Library and to retrofit the current Library structure. The end date of the agreement is July 15, 2014. The prior audit report reflected inaccurate long-term funding requirements. A summary of the Library's future long-term debt funding requirements, including principal and interest payments, as of December 31, 2008 follows:

Years	Principal	Interest	Total
2009	\$ 16,136	\$ 5,735	\$ 21,871
2010	17,076	4,795	21,871
2011	18,070	3,801	21,871
2012	19,123	2,748	21,871
2013	20,236	1,635	21,871
2014	15,946	457	16,403
<b>Total</b>	<b>\$ 106,587</b>	<b>\$ 19,171</b>	<b>\$ 125,758</b>



***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

June 29, 2009

Loudonville Public Library  
Ashland County  
122 East Main Street  
Loudonville, Ohio 44842

To the Fiscal Officer and Board of Trustees:

We have audited the financial statements of the governmental activities and general fund of **Loudonville Public Library, Ashland County, Ohio** (the Library) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 29, 2009. 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.

Loudonville Public Library  
Ashland County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

### **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 Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.



Mary Taylor, CPA  
Auditor of State

**LOUDONVILLE PUBLIC LIBRARY**

**ASHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 1, 2009**