



Auditor of State
Betty Montgomery

LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2001.....	4
Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Nonexpendable Trust Fund For the Years Ended December 31, 2002 and 2001.....	5
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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 Loudonville Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2002 and 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Loudonville Public Library
Ashland County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the Audit Committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 5, 2003

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
State Income Taxes	\$695,654			\$695,654
Patron Fines and Fees	19,402			19,402
Earnings on Investments	11,719			11,719
Services Provided to Other Entities	276			276
Contributions, Gifts and Donations	20,736	\$1,334	\$26,000	48,070
Miscellaneous	10,191	148		10,339
Total Cash Receipts	757,978	1,482	26,000	785,460
Cash Disbursements:				
Current:				
Salaries and Benefits	361,242			361,242
Purchased and Contracted Services	99,417			99,417
Library Materials and Information	56,716		31,417	88,133
Supplies	14,441			14,441
Other Objects	7,401			7,401
Debt Service:				
Redemption of Principal	344,999			344,999
Interest Payments and Other Financing Fees and Costs	45,642			45,642
Capital Outlay	46,478	22,709		69,187
Total Cash Disbursements	976,336	22,709	31,417	1,030,462
Total Cash Receipts (Under) Cash Disbursements	(218,358)	(21,227)	(5,417)	(245,002)
Other Financing Receipts/(Disbursements):				
Transfers-In		175,000		175,000
Transfers-Out	(175,000)			(175,000)
Total Other Financing Receipts/(Disbursements)	(175,000)	175,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(393,358)	153,773	(5,417)	(245,002)
Fund Cash Balances, January 1	581,054	61,674	31,709	674,437
Fund Cash Balances, December 31	\$187,696	\$215,447	\$26,292	\$429,435
Reserves for Encumbrances, December 31	\$35,579	\$12,635	\$4,465	\$52,679

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

LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
State Income Taxes	\$751,344			\$751,344
Patron Fines and Fees	14,979			14,979
Earnings on Investments	52,966	\$10		52,976
Services Provided to Other Entities	242			242
Contributions, Gifts and Donations	21,482	27,282	\$27,100	75,864
Miscellaneous	25,915	1,699		27,614
	<u>866,928</u>	<u>28,991</u>	<u>27,100</u>	<u>923,019</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	369,800			369,800
Purchased and Contracted Services	96,451	2,921		99,372
Library Materials and Information	48,472		31,229	79,701
Supplies	15,514			15,514
Other Objects	8,058			8,058
Debt Service:				
Redemption of Principal	398,286	150,000		548,286
Interest Payments and Other Financing Fees and Costs	76,841			76,841
Capital Outlay	23,170	661,251	1,999	686,420
	<u>1,036,592</u>	<u>814,172</u>	<u>33,228</u>	<u>1,883,992</u>
Total Cash Disbursements				
Total Cash Receipts (Under) Cash Disbursements	<u>(169,664)</u>	<u>(785,181)</u>	<u>(6,128)</u>	<u>(960,973)</u>
Fund Cash Balances, January 1	<u>750,718</u>	<u>846,855</u>	<u>37,837</u>	<u>1,635,410</u>
Fund Cash Balances, December 31	<u>\$581,054</u>	<u>\$61,674</u>	<u>\$31,709</u>	<u>\$674,437</u>
Reserves for Encumbrances, December 31	<u>\$305,609</u>	<u>\$20,656</u>	<u>\$5,798</u>	<u>\$332,063</u>

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

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Operating Cash Receipts:	\$0	\$0
Operating Cash Disbursements:		
Library Materials and Information	15	64
Operating (Loss)	(15)	(64)
Fund Cash Balances, January 1	7,617	7,681
Fund Cash Balances, December 31	\$7,602	\$7,617
Reserves for Encumbrances, December 31	\$0	\$25

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

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**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Loudonville Public Library, Ashland County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the local Board of Education. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the cash fund balances. 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 disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The donated common stock is valued at its fair market value at the date of receipt.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library's only Capital Projects Fund is the Building and Repair Fund which is used to account for donations received that were used for the construction of the Library addition and for redemption of principal for debt issued to fund the Library addition.

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Expendable Trust Fund

Young Book Fund – This fund is used to account for specific donations as designated by the Hugo and Mable Young Foundation that are used for the purchase of books and pamphlets.

Nonexpendable Trust Fund

Fuller Fund – This fund is used to account for the purchase of library materials and information as designated by the Fuller Family.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick Leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting the Library uses.

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2002	2001
Demand deposits	\$172,984	\$82,583
Investments:		
STAR Ohio	253,931	589,349
Donated Stock	10,122	10,122
Total investments	264,053	599,471
 Total deposits and investments	 \$437,037	 \$682,054

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Common stock consists of unregistered securities and is uncollateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,228,909	\$1,186,915	\$41,994
Capital Projects	52,358	35,344	17,014
Fiduciary	65,326	35,897	29,429
Total	\$1,346,593	\$1,258,156	\$88,437

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,403,215	\$1,342,201	\$61,014
Capital Projects	862,856	834,828	28,028
Fiduciary	72,618	39,115	33,503
Total	\$2,338,689	\$2,216,144	\$122,545

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated 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 any additional revenues the Library receives.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Lease Purchase Agreement - Construction and Renovation Project	\$472,417	5.70%

On July 15, 1999, the Library entered into a \$1,418,500 lease purchase agreement with Farmers and Savings Bank for the construction of a 16,000 square foot addition to the Library and a retrofit of the current Library structure. The end date of the agreement is July 15, 2014

Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Notes
Year ending December 31:	
2003	\$55,437
2004	55,437
2005	55,437
2006	55,437
2007	55,437
2008-2012	277,184
2013-2014	97,014
Total	\$651,383

6. RETIREMENT SYSTEM

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OPERS contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2002.

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Library also provides health insurance to full-time employees through a private carrier.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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 Loudonville Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 5, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 5, 2003.

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

This report is intended solely for the information and use of the Audit Committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 5, 2003



**Auditor of State
Betty Montgomery**

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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
JULY 22, 2003**