



Mary Taylor, CPA
Auditor of State

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ridgemont Public Library
Hardin County
124 E. Taylor Street
Mt. Victory, OH 43340

To the Members of the Board:

We have audited the accompanying financial statements of the Ridgemont Public Library, Hardin County, (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 opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund, of the Ridgemont Public Library, Hardin County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 29, 2008

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of the Ridgemont Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 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.

Highlights

Key highlights for 2007 are as follows:

- Net assets of library decreased \$2,095 or 2.6 percent. The Library operates just one fund, the General fund. The small decrease indicates the Library has found a spending balance for recent cuts in LLGIS funds.
- The Library's general receipts are primarily property taxes and Library and Local Government Support. These receipts represent respectively 13 and 84 percent of the total cash received for governmental activities during the year. Property tax and Library and Local Government Support receipts for 2007 were comparable to 2006.

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 Library operates under just one fund, the General 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 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity 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 non-financial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

Governmental activities. All of the Library's basic services are reported here. State and federal grants and income and property taxes finance all of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Government as a whole. A government can separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Library operates under just one fund category, that being governmental and just one fund.

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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The Library operates only one fund which is the major fund.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Government as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents:	\$79,024	\$81,119
Total Assets	<u>79,024</u>	<u>81,119</u>
Net Assets		
Unrestricted	79,024	81,119
Total Net Assets	<u>\$79,024</u>	<u>\$81,119</u>

As mentioned previously, net assets of governmental activities decreased \$2,095 or 2.7% percent during 2007. The primary reasons contributing to the minor decreases in cash balances are as follows:

- Expenses were closely monitored.

Table 2 reflects the changes in net assets in 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
General Receipts:		
Property and Other Local Taxes	\$17,304	\$17,232
Library and Local Government Support	109,547	109,579
Unrestricted Gift and Contributions	923	660
Interest	1,238	1,088
Miscellaneous	1,359	459
Total General Receipts	<u>130,371</u>	<u>129,018</u>
Program Receipts	<u>1,655</u>	<u>1,591</u>
Disbursements:		
Library Services	131,105	128,452
Capital Outlay	3,016	
Total Disbursements	<u>134,121</u>	<u>128,452</u>
Increase (Decrease) in Net Assets	(2,095)	2,157
Net Assets, January 1, 2007	<u>81,119</u>	<u>78,962</u>
Net Assets, December 31, 2007	<u>\$79,024</u>	<u>\$81,119</u>

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

General receipts represent 99 percent of the Library's total receipts, and of this amount, 96 percent are Library and Local Government Support and property taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements represent the costs of running the Library programs and services to patrons. These include the costs of internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. 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 the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2007	Net Cost Of Services 2007	Total Cost Of Services 2006	Net Cost Of Services 2006
General Government	\$131,105	\$129,450	\$128,452	\$126,861
Capital Outlay	3,016	3,016		
Total Expenses	<u>\$134,121</u>	<u>\$132,466</u>	<u>\$128,452</u>	<u>\$126,861</u>

The dependence upon property taxes and Library and Local Government Support receipts is apparent as approximately 99 percent of governmental activities are supported through these general receipts.

The Library's Funds

Total governmental fund receipts were \$132,026 and disbursements were \$134,121.

General Fund receipts were less than disbursements by \$2,095 indicating that the General Fund is a balanced spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

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 only budgeted fund is the General Fund.

Final 2007 receipts were \$132,026 and original budgeted receipts were \$135,195. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$216,314 while actual disbursements were \$134,121. Receipts were as expected and appropriations were not reduced. The Library kept spending well below budgeted amounts. The result is the decrease in fund balance of \$2,095 for 2007.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Library has no outstanding debt.

Current Issues

The challenge for all governments 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 local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Library. We have limited maintenance to items deemed necessary and most needed and have reduced staffing levels in areas where we felt it would have the least impact on services.

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 Melinda Ledley, Clerk-Treasurer, Ridgemont Public Library, 14169 CR 190, Kenton, Ohio

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**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$79,024
Total Assets	<u>79,024</u>
Net Assets	
Unrestricted	79,024
Total Net Assets	<u><u>\$79,024</u></u>

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$131,105	\$1,655	(\$129,450)
Capital Outlay	3,016		(3,016)
Total Governmental Activities	\$134,121	\$1,655	(132,466)
		General Receipts	
		Property Taxes Levied for General Purposes	17,304
		Unrestricted Gifts and Contributions	923
		Grants and Entitlements not Restricted to Specific Programs	109,547
		Interest	1,238
		Miscellaneous	1,359
		Total General Receipts	130,371
		Change in Net Assets	(2,095)
		Net Assets Beginning of Year	81,119
		Net Assets End of Year	\$79,024

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE
GENERAL FUND
DECEMBER 31, 2007**

Assets

Cash and Cash Equivalents	\$79,024
Total Assets	<u>79,024</u>

Fund Balance

Unreserved, Reported in:	
General Fund	79,024
Total Fund Balance	<u>\$79,024</u>

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGE IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

Receipts

Property and Other Local Taxes	\$17,304
Library and Local Government Support	109,547
Patron Fines and Fees	1,655
Contributions, Gifts and Donations	923
Earnings on Investments	1,238
Miscellaneous	1,359
Total Receipts	<u>132,026</u>

Disbursements

Current:

Library Services:	131,105
Capital Outlay	3,016
Total Disbursements	<u>134,121</u>

Excess of Receipts (Under) Disbursements (2,095)

Fund Balance Beginning of Year 81,119

Fund Balance End of Year \$79,024

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$16,560	\$16,560	\$17,304	\$744
Library and Local Government Support	118,635	118,635	109,547	(9,088)
Patron Fines and Fees			1,655	1,655
Contributions, Gifts and Donations			923	923
Earnings on Investments			1,238	1,238
Miscellaneous			1,359	1,359
Total Receipts	<u>135,195</u>	<u>135,195</u>	<u>132,026</u>	<u>(3,169)</u>
Disbursements				
Current:				
Library Services:	176,200	179,700	131,105	48,595
Capital Outlay	40,114	36,614	3,016	33,598
Total Disbursements	<u>216,314</u>	<u>216,314</u>	<u>134,121</u>	<u>82,193</u>
Excess of Receipts Over (Under) Disbursements	<u>(81,119)</u>	<u>(81,119)</u>	<u>(2,095)</u>	<u>79,024</u>
Fund Balance Beginning of Year	81,119	81,119	81,119	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$79,024</u>	<u>\$79,024</u>

See accompanying notes to the basic financial statements.

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**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

The Ridgemont Public Library, Hardin County (the Library), was organized as a school district public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Ridgemont Public Schools 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 Clerk-Treasurer.

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented 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. Following are the more significant of the Library's accounting policies.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide financial 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library has no business-type activities.

The statement of net assets presents the cash balance 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 is 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 is self-financing on a cash basis or draws from the Library's general receipts.

2. Fund Financial Statements

During the year, the Library records transactions related to Library functions or activities in funds 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. The Library only has one fund which is a major fund.

B. Fund Accounting

The Library uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The one fund of the Library is categorized in the governmental category.

1. Governmental Funds

The Library classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as a governmental fund. The Library's major governmental and only fund is the General Fund. The General Fund is used to account 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.

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Library may appropriate.

The appropriations ordinance is the Library's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Library. The legal level of control has been established at the fund, function, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Library's Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Library.

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is invested in interest paying deposit accounts and certificates of deposit. Deposit accounts and certificates of deposit are presented as "Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months 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.

Interest earnings are allocated to the Library's General Fund according to State statutes. Interest receipts credited to the General Fund during 2007 was \$1,238.

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. 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 did not have any restricted net assets.

K. 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 did not have any fund balance reserves.

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 Change in Fund Balance – Budget and Actual – Budget Basis is presented for the General Fund. The Library did not have a difference between the budgetary basis and cash basis financial statements.

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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).

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. The Library was not exposed to custodial risk since all deposits were covered by the Federal Depository Insurance Corporation. 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Library. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received during 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2007, was \$7.37 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property		
Agricultural/Residential	\$2,503,850	
Other	3,299,040	
Public Utility Property		
Real	34,540	
Personal	748,890	
Tangible Personal Property	42,330	
Total Assessed Value		\$6,628,650

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	Coverage
Erie Insurance Group	Commercial Property	\$592,000
	General Liability	2,000,000
	Inland Marine	2,100
	Fidelity and Deposit	10,000

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

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.

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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, the members in the traditional plan were required to contribute 9.5 percent of their annual covered salaries. The 2007 employer contribution rate for local government employers was 13.85 percent of covered payroll; 8.85 percent for pension obligations for the period January 1 through June 30, 2007 and 7.85 percent for the period July 1 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions. The Library's required contributions for pension obligations to the traditional plans for the years ended December 31, 2007, 2006, and 2005 were \$5,614, \$6,100, and \$7,001 respectively. The full amount has been contributed for 2007, 2006 and 2004.

8. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007, local government employer units contributed at 13.85 percent of covered payroll. The portion of employer contributions for all employers allocated to health care was 5.00 percent for the period January 1 through June 30, 2007 and 6.00 percent for the period July 1 through December 31, 2007. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

Benefits are advance-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. 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 at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 5 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, 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 Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund other post-employment benefits were \$3,660.

The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. The Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on actuarial cost method used, at \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

This discussion and analysis of the Ridgemont Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 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 2006 are as follows:

- Net assets of library increased \$2,157 or 2.7 percent. The Library operates just one fund, the General fund. The small increase indicates the Library has found a spending balance for recent cuts in LIGIS funds.
- The Library's general receipts are primarily property taxes and Library and Local Government Support. These receipts represent respectively 13 and 84 percent of the total cash received for governmental activities during the year. Property tax and Library and Local Government Support receipts for 2006 were comparable to 2005.

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 Library operates under just one fund, the General 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 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Reporting the Government as a Whole

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

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

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

Governmental activities – All of the Library's basic services are reported here. State and federal grants and income and property taxes finance all of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. A government can separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Library operates under just one fund category, that being governmental and has just one fund.

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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The Library operates only one fund which is the major fund.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

The Government as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$81,119	\$78,962
Total Assets	<u>81,119</u>	<u>78,962</u>
Net Assets		
Unrestricted	81,119	78,962
Total Net Assets	<u>\$81,119</u>	<u>\$78,962</u>

As mentioned previously, net assets of governmental activities increased \$2,157 or 2.7% percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Expenses were closely monitored.

Table 2 reflects the changes in net assets in 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
General Receipts:		
Property and Other Local Taxes	\$17,232	\$14,549
Library and Local Government Support	109,579	111,094
Unrestricted Gifts and Contributions	660	968
Interest	1,088	868
Miscellaneous	459	793
Total General Receipts	<u>129,018</u>	<u>128,272</u>
Program Receipts	<u>1,591</u>	<u>2,021</u>
Disbursements:		
Library Services	128,452	128,616
Capital Outlay		11,699
Total Disbursements	<u>128,452</u>	<u>140,315</u>
Increase (Decrease) in Net Assets	2,157	(10,022)
Net Assets, January 1, 2006	<u>78,962</u>	<u>88,983</u>
Net Assets, December 31, 2006	<u>\$81,119</u>	<u>\$78,962</u>

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

General receipts represent 99 percent of the Library's total receipts, and of this amount, 97 percent Library and Local Government Support and property taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements represent the costs of running the Library programs and services to patrons. These include the costs of internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. 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 the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2006	Net Cost Of Services 2006	Total Cost Of Services 2005	Net Cost Of Services 2005
General Government	\$128,452	\$126,861	\$128,616	\$126,595
Capital Outlay			11,699	11,699
Total Expenses	\$128,452	\$126,861	\$140,315	\$138,294

The dependence upon property taxes and Library and Local Government Support receipts is apparent as approximately 99 percent of governmental activities are supported through these general receipts.

The Library's Funds

Total governmental receipts were \$130,609 and disbursements were \$128,452.

General Fund receipts were more than disbursements by \$2,157 indicating that the General Fund is a balanced spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

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 only budgeted fund is the General Fund.

Final 2006 receipts were \$130,609 and original budgeted receipts were \$124,598. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$203,560 while actual disbursements were \$128,452. Receipts were as expected and appropriations were not reduced. The Library kept spending well below budgeted amounts. The result is the increase in fund balance of \$2,157 for 2006.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2006, the Library has no outstanding debt.

Current Issues

The challenge for all governments 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 local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Library. We have limited maintenance to items deemed necessary and most needed and have reduced staffing levels in areas where we felt it would have the least impact on services.

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 Melinda Ledley, Clerk-Treasurer, Ridgemont Public Library, 14169 CR 190, Kenton, OH.

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**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$81,119
Total Assets	<u>81,119</u>
Net Assets	
Unrestricted	81,119
Total Net Assets	<u>\$81,119</u>

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Net (Disbursements)</u> <u>Receipts and Changes</u> <u>in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities			
Library Services	\$128,452	\$1,591	(\$126,861)
Total Governmental Activities	<u>\$128,452</u>	<u>\$1,591</u>	<u>(126,861)</u>
 General Receipts			
Property Taxes Levied for General Purposes			17,210
Other Local Taxes			22
Unrestricted Gifts and Contributions			660
Grants and Entitlements not Restricted to Specific Programs			109,579
Interest			1,088
Miscellaneous			<u>459</u>
Total General Receipts			<u>129,018</u>
Change in Net Assets			2,157
Net Assets Beginning of Year			<u>78,962</u>
Net Assets End of Year			<u><u>\$81,119</u></u>

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE
GENERAL FUND
DECEMBER 31, 2006**

Assets

Cash and Cash Equivalents	\$81,119
Total Assets	<u>81,119</u>

Fund Balance

Unreserved, Reported in:	
General Fund	81,119
Total Fund Balance	<u>\$81,119</u>

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGE IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

Receipts

Property and Other Local Taxes	\$17,232
Library and Local Government Support	109,579
Patron Fines and Fees	1,591
Contributions, Gifts and Donations	660
Earnings on Investments	1,088
Miscellaneous	459
Total Receipts	<u>130,609</u>

Disbursements

Current:

Library Services:	<u>128,452</u>
Total Disbursements	<u>128,452</u>

Excess of Receipts Over Disbursements 2,157

Fund Balance Beginning of Year 78,962

Fund Balance End of Year \$81,119

See accompanying notes to the basic financial statements.

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$16,686	\$16,686	\$17,232	\$546
Library and Local Government Support	107,912	107,912	109,579	1,667
Patron Fines and Fees			1,591	1,591
Contributions, Gifts and Donations			660	660
Earnings on Investments			1,088	1,088
Miscellaneous			459	459
Total receipts	<u>124,598</u>	<u>124,598</u>	<u>130,609</u>	<u>6,011</u>
Disbursements				
Current:				
Library Services:	170,900	170,900	128,452	42,448
Capital Outlay	32,660	32,660		32,660
Total Disbursements	<u>203,560</u>	<u>203,560</u>	<u>128,452</u>	<u>75,108</u>
Excess of Receipts Over (Under) Disbursements	<u>(78,962)</u>	<u>(78,962)</u>	<u>2,157</u>	<u>81,119</u>
Fund Balance Beginning of Year	78,962	78,962	78,962	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$81,119</u>	<u>\$81,119</u>

See accompanying notes to the basic financial statements.

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**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. REPORTING ENTITY

The Ridgemont Public Library (the Library) was organized as a school district public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Ridgemont Public Schools 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 Clerk-Treasurer.

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented 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. Following are the more significant of the Library's accounting policies.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide financial 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library has no business-type activities.

The statement of net assets presents the cash balance 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 is 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 is self-financing on a cash basis or draws from the Library's general receipts.

2. Fund Financial Statements

During the year, the Library records transactions related to Library functions or activities in funds 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. The Library only has one fund which is a major fund.

B. Fund Accounting

The Library uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The one fund of the Library is categorized in the governmental category.

1. Governmental Funds

The Library classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as a governmental fund. The Library's major governmental and only fund is the General Fund. The General Fund is used to account 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.

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Library may appropriate.

The appropriations ordinance is the Library's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Library. The legal level of control has been established at the fund, function, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Library's Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Library.

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is invested in interest paying deposit accounts and certificates of deposit. Deposit accounts and certificates of deposit are presented as "Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months 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.

Interest earnings are allocated to the Library's General Fund according to State statutes. Interest receipts credited to the General Fund during 2006 was \$1,088.

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. 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 did not have restricted net assets.

K. 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 did not have fund balance reserves.

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 Change in Fund Balance – Budget and Actual – Budget Basis is presented for the General Fund. The Library did not have a difference between the budgetary basis and cash basis financial statements.

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

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).

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. The Library was not exposed to custodial risk since all deposits were covered by the Federal Depository Insurance Corporation. 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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Library. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received during 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2006, was \$7.37 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Agricultural/Residential	\$2,558,630
Other	3,227,490
Public Utility Property	
Real	30,830
Personal	792,080
Tangible Personal Property	48,237
Total Assessed Value	\$6,657,267

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 2005, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Erie Insurance Group	Commercial Property	\$592,000
	General Liability	2,000,000
	Inland Marine	2,100
	Fidelity and Deposit	10,000

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.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

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.

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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2006, the members in the traditional plan were required to contribute 9.5 percent of their annual covered salaries. The member contribution rate for 2006 was 9% for members in state and local classifications. The 2006 employer contribution rate for local government employers was 13.70% of covered payroll, 9.2% for pension obligations. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional plans for the years ended December 31, 2006, 2005, and 2004 were \$6,100, \$7,001, and \$5,975 respectively. The full amount has been contributed for 2006, 2005, and 2004.

8. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

**RIDGEMONT PUBLIC LIBRARY
HARDIN LIBRARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2006, local government employer units contributed at 13.70% of covered payroll. The portion of employer contributions for all employers allocated to health care was 4.50 percent. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Benefits are advance-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, 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 at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 6 percent for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4 percent (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 Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund other post-employment benefits were \$2,984.

The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005 (the latest information available). The Actuarial Valuation as of December 31, 2005, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on actuarial cost method used, at \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.



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*

Ridgemont Public Library
Hardin County
124 E. Taylor Street
Mt. Victory, OH 43340

To the Members of the Board:

We have audited the financial statements of the governmental activities and the major fund of the Ridgemont Public Library, Hardin County, (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 29, 2008, wherein, we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also 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.

**Internal Control Over Financial Reporting
(Continued)**

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.

We noted certain matters that we reported to the Library's management in a separate letter dated September 29, 2008.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

September 29, 2008

**RIDGEMONT PUBLIC LIBRARY
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2007-001

Finding for Recovery/Repaid Under Audit

The Ridgemont Public Library pay scale, effective February 1, 2002, set the hourly rate of pay for the Branch Librarian at \$11.50 per hour. For the month of December 2006, Branch Librarian Beccy Ramsey was paid for 97.5 hours of work, however, the time card for this pay period only documents 77.5 hours worked which is a variance of 20 hours. This resulted in an overpayment of wages in the amount of \$230.00 (20 x \$11.50).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Beccy Ramsey, Branch Librarian, in the amount of \$230 and in favor of the Ridgemont Public Library's General Fund.

OFFICIALS' RESPONSE:

On August 4, 2008, Beccy Ramsey repaid the library in the amount of \$200.00 and on October 5, 2008, Beccy Ramsey repaid the library in the amount of \$30.00. These payments were recorded in the General Fund with receipt numbers 57-2008 and 77-2008, respectively.



Mary Taylor, CPA
Auditor of State

RIDGEMONT PUBLIC LIBRARY

HARDIN 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
NOVEMBER 6, 2008**