



**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Loudonville Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2001, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

May 16, 2001

LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
State Income Taxes	\$735,918			\$735,918
Other Government Grants-In-Aid	1,000			1,000
Patron Fines and Fees	13,532			13,532
Earnings on Investments	172,830	\$627		173,457
Services Provided to Other Entities	251			251
Contributions, Gifts and Donations	8,462	168,283	\$37,500	214,245
Miscellaneous	16,275			16,275
Total Cash Receipts	948,268	168,910	37,500	1,154,678
Cash Disbursements:				
Current:				
Salaries and Benefits	311,037			311,037
Supplies	18,626			18,626
Purchased and Contracted Services	68,139	12,321		80,460
Library Materials and Information	83,257		15,843	99,100
Other Objects	13,576			13,576
Debt Service:				
Redemption of Principal	42,683			42,683
Interest Payments and Other Financing Fees and Costs	79,392			79,392
Capital Outlay	1,472	1,853,853		1,855,325
Total Cash Disbursements	618,182	1,866,174	15,843	2,500,199
Total Cash Receipts Over/(Under) Cash Disbursements	330,086	(1,697,264)	21,657	(1,345,521)
Fund Cash Balances, January 1	420,632	2,544,119	16,180	2,980,931
Fund Cash Balances, December 31	\$750,718	\$846,855	\$37,837	\$1,635,410
Reserves for Encumbrances, December 31	\$668,257	\$265,169	\$9,595	\$943,021

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

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
State Income Taxes	\$682,163			\$682,163
Patron Fines and Fees	14,730			14,730
Earnings on Investments	81,613			81,613
Services Provided to Other Entities	269			269
Contributions, Gifts and Donations	775	\$208,931	\$15,000	224,706
Miscellaneous	2,559			2,559
Total Cash Receipts	782,109	208,931	15,000	1,006,040
Cash Disbursements:				
Current:				
Salaries and Benefits	284,374			284,374
Supplies	13,582			13,582
Purchased and Contracted Services	64,627	30,752		95,379
Library Materials and Information	74,746		8,226	82,972
Other Objects	21,347			21,347
Debt Service:				
Redemption of Principal	10,116			10,116
Interest Payments and Other Financing Fees and Costs	20,214			20,214
Capital Outlay	21,367	303,123		324,490
Total Cash Disbursements	510,373	333,875	8,226	852,474
Total Cash Receipts Over/(Under) Cash Disbursements	271,736	(124,944)	6,774	153,566
Other Financing Receipts:				
Proceeds of Notes and Accrued Interest		1,421,869		1,421,869
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	271,736	1,296,925	6,774	1,575,435
Fund Cash Balances, January 1	148,896	1,247,194	9,406	1,405,496
Fund Cash Balances, December 31	\$420,632	\$2,544,119	\$16,180	\$2,980,931
Reserves for Encumbrances, December 31	\$373,571	\$1,823,036	\$506	\$2,197,113

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

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	Nonexpendable Trust Fund	
	2000	1999
Operating Cash Receipts:	\$0	\$0
Operating Cash Disbursements:		
Library Materials and Information	247	397
Operating (Loss)	(247)	(397)
Fund Cash Balances, January 1	7,928	8,325
Fund Cash Balances, December 31	\$7,681	\$7,928
Reserves for Encumbrances, December 31	\$29	\$0

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

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**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Investments are included in the cash fund balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Fund

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

3. Fiduciary Funds (Trust Funds)

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

Expendable Trust Fund

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

Nonexpendable Trust Fund

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

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Deposits:		
Demand deposits	\$199,433	\$146,656
Certificates of deposit	747,743	2,285,011
Total deposits	947,176	2,431,667
Investments:		
Donated stock	10,122	9,137
STAR Ohio	685,793	548,055
Total investments	695,915	557,192
Total deposits and investments	<u>\$1,643,091</u>	<u>\$2,988,859</u>

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

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

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follow:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$700,871	\$948,268	\$247,397
Capital Projects	0	168,910	168,910
Fiduciary	0	37,500	37,500
Total	\$700,871	\$1,154,678	\$453,807

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,309,971	\$1,286,439	\$23,532
Capital Projects	2,501,317	2,131,343	369,974
Fiduciary	48,481	25,714	22,767
Total	\$3,859,769	\$3,443,496	\$416,273

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$782,016	\$782,109	\$93
Capital Projects	1,630,800	1,630,800	0
Fiduciary	15,000	15,000	0
Total	\$2,427,816	\$2,427,909	\$93

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$930,912	\$883,944	\$46,968
Capital Projects	2,877,995	2,156,911	721,084
Fiduciary	32,730	9,129	23,601
Total	\$3,841,637	\$3,049,984	\$791,653

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Lease Purchase Agreement - Construction and Renovation Project	\$ 1,365,701	5.70%

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

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

Year ending December 31:	General Obligation Notes
2001	\$ 125,127
2002	128,255
2003	131,462
2004	134,748
2005	138,117
Subsequent	1,365,333
Total	\$ 2,023,042

6. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

**LOUDONVILLE PUBLIC LIBRARY
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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

8. CONTRACTUAL COMMITMENT

In 1999, the Library accepted a bid from Raeder Construction, Inc., for the construction of an addition to, and renovation of, the Library. The total cost was \$1,850,061 (original bid of \$1,846,195 plus a change order of \$3,866). As of December 31, 2000, \$1,726,485 of the contract has been paid and the remaining \$123,576 is expected to be paid during 2001. Construction began in October 1999 and was completed in April 2001.



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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Loudonville Public Library, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 16, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 16, 2001.

Internal Control Over Financial Reporting

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

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

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

Jim Petro
Auditor of State

May 16, 2001



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OFFICE OF THE AUDITOR

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LOUDONVILLE PUBLIC LIBRARY

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 21, 2001**