



Mary Taylor, CPA
Auditor of State

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Leetonia Community Public Library
Columbiana County
181 Walnut St.
Leetonia, Ohio 44431

To the Library Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of Leetonia Community Public Library, Columbiana County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Leetonia Community Public Library, Columbiana County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2009, on our consideration of the Government'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.

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

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

August 25, 2009

Leetonia Community Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

This discussion and analysis of the Leetonia Community Public Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2008, 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 and 2008 are as follows:

Net assets of governmental activities decreased \$243,563 in 2008, or (11)%, from the prior year due to payments for the construction of a new library facility. Net assets of governmental activities increased \$1,511,056 in 2007, or 233%, from the prior year due to the sale of a construction bond for the purpose of building a new library facility.

The Library's general receipts are primarily from the Public Library Fund (PLF). Receipts from this fund represent 79 percent and 71 percent of the total cash received through government funding during 2008 and 2007, respectively.

The next source of significant income was from the library's investment account which accounted for 18 percent of total cash received in 2008 and 22 percent in 2007. The decrease from 2007 to 2008 is due to decreases in interest rate and reduction in Principal through expenditures related to the New Library Project. The 2007 amount represents a 255 percent increase from 2006 due to continued focus on investments with higher interest rates such as STAR Ohio and a Money market account with Farmers National Bank. The Library also received proceeds from the sale of a construction bond in 2007 and a Construction Note was opened with Farmers National Bank of Canfield in 2008. Each of these increased the principal amount in investments.

Capital Outlay expenses continued to be significant as the library began to build a new library which is expected to be completed in 2009.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the 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.

Leetonia Community Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

Basis of Accounting

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

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during year, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the Library at year end. The statement of activities compares cash disbursements with program receipts for each library program and business-type activity. 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 or business-type 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 nonfinancial 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, we divide the Library into two types of activities:

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

Business-type activity. The Library has no business-type activity.

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. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are split into three categories: governmental, proprietary and fiduciary.

Leetonia Community Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Capital Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Library charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Library has no enterprise fund. When the services are provided to other department of the Library, the service is reported as an internal service fund. The Library has no internal service funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Library. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Library's programs. The Library has no Fiduciary Funds

The Library as a Whole

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

(Table 1)
Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	1,915,884	2,159,268	648,212
Total Assets	1,915,884	2,159,268	648,212
Net Assets			
Restricted	1,157,418	1,450,725	500
Unrestricted	758,466	708,543	647,712
Total Net Assets	1,915,884	\$2,159,268	648,212

As mentioned previously, net assets of governmental activities decreased \$243,563, or (11)%, during 2008 due to payments for the construction of a new library facility and increased \$1,511,056, or 233%, during 2007 due to the sale of a construction bond for the purpose of building a new library facility.

Leetonia Community Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

Table 2 reflects the changes in net assets from 2006, 2007 and 2008.

(Table 2)
Changes in Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Governmental Activities 2006
Receipts:			
Program Receipts:			
Patron Fines and Fees	\$5,793	\$6,926	\$7,755
Total Program Receipts	<u>5,793</u>	<u>6,926</u>	<u>7,755</u>
General Receipts:			
Grants and Entitlements Not Restricted to Specific Programs	324,498	333,823	315,957
Contributions, Gifts		225	500
Interest	72,400	103,083	28,956
Miscellaneous	5,893	25,916	1,753
Total General Receipts	<u>402,791</u>	<u>463,047</u>	<u>347,165</u>
Total Receipts	<u>408,584</u>	<u>469,973</u>	<u>354,920</u>
Disbursements:			
Library Services	251,325	235,156	218,901
Business Administration	1,307		65,068
Capital Outlay	1,189,751	173,761	
Debt Service Interest	9,764		
Total Disbursements	<u>1,452,147</u>	<u>408,917</u>	<u>283,969</u>
Excess (Deficiency) Before Transfers	(1,043,563)	61,056	70,951
Other Financing Sources (Uses):			
Sale of Bond		1,450,000	
Sale of Note	800,000		
Transfers In	104,995	173,000	
Transfers Out	(104,995)	(173,000)	
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>1,450,000</u>	<u>0</u>
Increase (Decrease) in Net Assets	(243,563)	1,511,056	70,951
Net Assets, January 1	<u>2,159,447</u>	<u>648,212</u>	<u>577,261</u>
Net Assets, December 31	<u><u>\$1,915,884</u></u>	<u><u>\$2,159,268</u></u>	<u><u>\$648,212</u></u>

Program receipts represent only 1 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as patron fines and services provided to patrons such as copies and faxing.

General receipts represent 99 percent of the Library's total receipts. Receipts from the Public Library Fund (PLF) provide the majority of the general receipts for 2008 and 2007 (79 and 71 percent, respectively). Interest provided the second largest amount of receipts. In 2007, Miscellaneous receipts

Leetonia Community Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
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were excessive due to an unexpected donation from an estate in the amount of \$25,000. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Library Services represent the overhead costs of running the Library and the other Library activities. These include the costs of the auditor, treasurer, as well as internal services such as payroll and purchasing. Capital Outlay expenses increased due to preparation to build a new library.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
Library Services	\$1,439,363	(\$1,433,569)	\$408,190	(\$401,264)
Business Administration	\$1,307	(\$1,307)		
Capital Outlay	1,714	(1,714)	727	(727)
Debt Service Interest	9,764	(9,764)		
Total Expenses	\$1,452,148	(\$1,446,354)	\$1,452,148	\$1,452,148

The dependence upon Public Library Fund is apparent as 100 percent of governmental activities are supported through these general receipts.

The Government's Funds

In 2008, the governmental funds had receipts of \$1,208,584 and disbursements of \$1,452,147. The fund balances of the Governmental Funds decreased \$243,563.

In 2007, the governmental funds had receipts of \$1,919,973 and disbursements of \$408,917. The fund balances of the Governmental Funds increased \$1,511,056.

Leetonia Community Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

General Fund Budgeting Highlights

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

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on Public Library Fund funds and have very little industry to support the tax base. We have been conservative in our budgeting in prior years and have accumulated a generous amount of net assets that are intended to help support the building of a new library. The new facility will be essential to provide the community the modern services a new library can provide and that the current facility can not.

The Library entered into a contract agreement with Holzheimer Bolek Architects LLC in 2005 for development of a new library. More space is needed to supply the public with the desired material. A new facility will allow for better use of assets to supply the proper materials for the public. It is a two part contract. The library has the funds available to pay for the first phase which will study the community needs and create an architectural plan. Phase two relies on further monetary support beyond that supplied by the Library and Local Government Support Fund which is the primary source of funds. A bond passed at special election in August 2006 generated \$1,450,000 and will assist with construction costs. A further amount of monetary support has been arranged with the United States Department of Agriculture (USDA). The USDA is providing an \$800,000 loan for construction and a loan/grant for equipment but a final amount has yet to be determined.

Contacting the Government'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 Andy Smith, Director/Clerk-Treasurer, Leetonia Community Public Library, 181 Walnut Street, Leetonia, Ohio 44431.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2008*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,915,884
<i>Total Assets</i>	<u>\$ 1,915,884</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 1,157,418
Unrestricted	758,466
<i>Total Net Assets</i>	<u>\$ 1,915,884</u>

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2008*

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Total
Governmental Activities			
Library Services	\$ 251,325	\$ 5,793	\$ (245,532)
Business Administration	1,307	-	(1,307)
Capital Outlay	1,189,751	-	(1,189,751)
Debt Service:			
Interest	9,764	-	(9,764)
<i>Total Primary Government</i>	<u>\$ 1,452,147</u>	<u>\$ 5,793</u>	<u>\$ (1,446,354)</u>
General Receipts			
Grants and Entitlements not Restricted to Specific Programs			324,498
Sale of Notes			800,000
Earnings on Investments			72,400
Miscellaneous			5,893
<i>Total General Receipts</i>			<u>1,202,791</u>
Change in Net Assets			(243,563)
<i>Net Assets Beginning of Year</i>			<u>2,159,447</u>
<i>Net Assets End of Year</i>			<u>\$ 1,915,884</u>

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008*

	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 758,466	\$ 1,157,418	\$ 1,915,884
<i>Total Assets</i>	<u>\$ 758,466</u>	<u>\$ 1,157,418</u>	<u>\$ 1,915,884</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 784	\$ -	\$ 784
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	757,682	-	757,682
Capital Projects Funds	-	1,157,418	1,157,418
<i>Total Fund Balances</i>	<u>\$ 758,466</u>	<u>\$ 1,157,418</u>	<u>\$ 1,915,884</u>

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008*

	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL
Receipts			
Public Library	\$ 324,498	\$ -	\$ 324,498
Patron, Fines and Fees	5,793	-	5,793
Earnings on Investments	72,400	-	72,400
Miscellaneous	5,893	-	5,893
Total Receipts	<u>408,584</u>	<u>-</u>	<u>408,584</u>
Disbursements			
Current:			
Library Services	251,325	-	251,325
Support Services:			
Business Administration	1,307	-	1,307
Capital Outlay	1,213	1,188,538	1,189,751
Debt Service:			
Interest and Fiscal Charges	-	9,764	9,764
Total Disbursements	<u>253,845</u>	<u>1,198,302</u>	<u>1,452,147</u>
Excess of Receipts Over (Under) Disbursements	<u>154,739</u>	<u>(1,198,302)</u>	<u>(1,043,563)</u>
Other Financing Sources (Uses)			
Sale of Notes	-	800,000	800,000
Transfers In	-	104,995	104,995
Transfers Out	(104,995)	-	(104,995)
Total Other Financing Sources (Uses)	<u>(104,995)</u>	<u>904,995</u>	<u>800,000</u>
Net Change in Fund Balances	49,744	(293,307)	(243,563)
Fund Balances Beginning of Year, Adjusted See Footnote 12	<u>708,722</u>	<u>1,450,725</u>	<u>2,159,447</u>
Fund Balances End of Year	<u>\$ 758,466</u>	<u>\$ 1,157,418</u>	<u>\$ 1,915,884</u>

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund*

For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Public Library	\$ 330,769	\$ 330,769	\$ 324,498	\$ (6,271)
Patron, Fines and Fees	7,000	7,000	5,793	(1,207)
Contributions, Gifts and Donations	200	200	-	(200)
Earnings on Investments	80,000	80,000	72,400	(7,600)
Miscellaneous	1,500	1,500	5,893	4,393
<i>Total receipts</i>	419,469	419,469	408,584	(10,885)
Disbursements				
Current:				
Library Services	283,300	280,300	251,325	28,975
Support Services:				
Business Administration	-	-	1,307	(1,307)
Capital Outlay	6,000	6,000	1,213	4,787
Debt Service:				
Interest and Fiscal Charges	-	32,000	-	32,000
<i>Total Disbursements</i>	289,300	318,300	253,845	64,455
<i>Excess of Receipts Over Disbursements</i>	130,169	101,169	154,739	53,570
Other Financing Sources (Uses)				
Transfers Out	(150,000)	(375,000)	(104,995)	(270,005)
<i>Total Other Financing Sources (Uses)</i>	(150,000)	(375,000)	(104,995)	(270,005)
<i>Net Change in Fund Balance</i>	(19,831)	(273,831)	49,744	323,575
<i>Fund Balance Beginning of Year</i>	707,938	707,938	707,938	
Prior Year Encumbrances Appropriated	784	784	784	
<i>Fund Balance End of Year</i>	\$ 688,891	\$ 434,891	\$ 758,466	\$ 323,575

See accompanying notes to the basic financial statements.

LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY

Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,159,268
<i>Total Assets</i>	<u>\$ 2,159,268</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 1,450,725
Unrestricted	708,543
<i>Total Net Assets</i>	<u>\$ 2,159,268</u>

See accompanying notes to the basic financial statements.

LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA 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 Total
Governmental Activities			
Library Services	\$ 408,190	\$ 6,926	\$ (401,264)
Capital Outlay	727	-	(727)
<i>Total Primary Government</i>	\$ 408,917	\$ 6,926	\$ (401,991)
General Receipts			
Unrestricted Gifts and Contributions			225
Grants and Entitlements not Restricted to Specific Programs			333,823
Sale of Notes			1,450,000
Earnings on Investments			103,083
Miscellaneous			25,916
<i>Total General Receipts</i>			1,913,047
Change in Net Assets			1,511,056
<i>Net Assets Beginning of Year</i>			648,212
<i>Net Assets End of Year</i>			\$ 2,159,268

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL GOVERNMENTAL FUNDS
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 708,543	\$ 1,450,725	\$ 2,159,268
<i>Total Assets</i>	<u>\$ 708,543</u>	<u>\$ 1,450,725</u>	<u>\$ 2,159,268</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 784	\$ -	\$ 784
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	707,759	-	707,759
Capital Projects Funds	-	1,450,725	1,450,725
<i>Total Fund Balances</i>	<u>\$ 708,543</u>	<u>\$ 1,450,725</u>	<u>\$ 2,159,268</u>

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL
Receipts			
Public Library	\$ 333,823	\$ -	\$ 333,823
Patron, Fines and Fees	6,926	-	6,926
Contributions, Gifts and Donations	-	225	225
Earnings on Investments	103,083	-	103,083
Miscellaneous	25,916	-	25,916
Total Receipts	<u>469,748</u>	<u>225</u>	<u>469,973</u>
Disbursements			
Current:			
Library Services	235,156	-	235,156
Capital Outlay	727	173,034	173,761
Total Disbursements	<u>235,883</u>	<u>173,034</u>	<u>408,917</u>
Excess of Receipts Over (Under) Disbursements	<u>233,865</u>	<u>(172,809)</u>	<u>61,056</u>
Other Financing Sources (Uses)			
Sale of Bonds	-	1,450,000	1,450,000
Transfers In	-	173,034	173,034
Transfers Out	(173,034)	-	(173,034)
Total Other Financing Sources (Uses)	<u>(173,034)</u>	<u>1,623,034</u>	<u>1,450,000</u>
Net Change in Fund Balances	60,831	1,450,225	1,511,056
Fund Balances Beginning of Year, Adjusted See Footnote 12	<u>647,712</u>	<u>500</u>	<u>648,212</u>
Fund Balances End of Year	<u>\$ 708,543</u>	<u>\$ 1,450,725</u>	<u>\$ 2,159,268</u>

See accompanying notes to the basic financial statements.

**LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund*

For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Public Library	\$ 335,903	\$ 335,903	\$ 333,823	\$ (2,080)
Patron, Fines and Fees	8,500	8,500	6,926	(1,574)
Contributions, Gifts and Donations	200	200	-	(200)
Earnings on Investments	23,000	23,000	103,083	80,083
Miscellaneous	1,500	1,500	25,916	24,416
<i>Total receipts</i>	<u>369,103</u>	<u>369,103</u>	<u>469,748</u>	<u>100,645</u>
Disbursements				
Current:				
Library Services	283,300	283,300	235,156	48,144
Capital Outlay	5,000	5,000	727	4,273
<i>Total Disbursements</i>	<u>288,300</u>	<u>288,300</u>	<u>235,883</u>	<u>52,417</u>
<i>Excess of Receipts Over Disbursements</i>	<u>80,803</u>	<u>80,803</u>	<u>233,865</u>	<u>153,062</u>
Other Financing Sources (Uses)				
Transfers Out	(600,000)	(600,000)	(173,034)	(426,966)
<i>Total Other Financing Sources (Uses)</i>	<u>(600,000)</u>	<u>(600,000)</u>	<u>(173,034)</u>	<u>(426,966)</u>
<i>Net Change in Fund Balance</i>	(519,197)	(519,197)	60,831	580,028
<i>Fund Balance Beginning of Year</i>	646,928	646,928	646,928	
Prior Year Encumbrances Appropriated	784	784	784	
<i>Fund Balance End of Year</i>	<u>\$ 128,515</u>	<u>\$ 128,515</u>	<u>\$ 708,543</u>	<u>\$ 580,028</u>

See accompanying notes to the basic financial statements.

Leetonia Community Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008*

Note 1 – Description of the Library and Reporting Entity

The Leetonia Community Public Library was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Leetonia Exempted Village School District 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 Board of Education.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units. The Library is a full voting member with Northeast Regional Library System (NEO-RLS) which is defined as a Jointly Governed Organization under Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity.” This organization is presented in note 10.

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

Note 2 - Summary of Significant Accounting Policies

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

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

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 are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

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

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Library's funds are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Project Fund – The capital project fund accounts for revenues and expenditures associated with the building project.

Proprietary Funds

The Library classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Library had no proprietary funds.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library has no private purpose trust fund accounts. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Library has no fiduciary funds.

C. Basis of Accounting

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

As a result of the use of this 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 are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund-function level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation 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 Trustees during the year.

E. Cash and Cash Equivalents

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

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008 and 2007, investments were limited to a money market fund and STAR Ohio.

The Library's money market fund investment is recorded at amounts reported by *Cost*.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008 and 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2008 and 2007 amounted to \$72,400 and 103,083, respectively.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

I. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

M. 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.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2008 and 2007(budgetary basis) amounted to \$784 for each year for the general fund.

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

- a. 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;
- b. 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;
- c. 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;
- d. Bonds and other obligations of the State of Ohio or Ohio local governments;
- e. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 4 – Deposits and Investments (continued)

- f. 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;
- g. 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

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.

At year end 2008 and 2007, the Library had \$120.00 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Investments

As of December 31, 2008 and 2007, the Library had the following investments:

	2008 Carrying Value	2007 Carrying Value
Money Market	\$1,777,623	\$2,001,808
STAR Ohio	126,922	123,751
Total Investments	<u>\$1,904,545</u>	<u>\$2,125,559</u>

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Library’s name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 4 – Deposits and Investments (continued)

delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 5 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Cincinnati Insurance Company	Commercial Property	\$825,000
	General Liability	1,000,000
	Valuable Papers and Records Coverage	490,000
	Business Personal Property	200,000
	Utica National Insurance Group	Errors and Omissions
Cincinnati Insurance Company	Fidelity and Deposit	2,000

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

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

Note 6 - Defined Benefit Pension Plan

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report 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.

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 6 - Defined Benefit Pension Plan (Continued)

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

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006, were \$15,139, \$14,233, and \$13,344, respectively; the full amount has been contributed for 2008, 2007, and 2006.

Note 7 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .5 and 4 percent annually for the next eight years and 4 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 363,503 as of December 31, 2008. Actual employer contributions for 2008 which were used to fund postemployment benefits were \$7,569.37. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Leetonia Community Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008*

Note 8 - Notes Payable

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2008
<u>Anticipation Note</u>					
2008 Issue	3.98%	\$800,000	\$	\$	\$800,000

The Library opened an 18 month construction note for \$800,000 with Farmers National Bank of Canfield as a bridge loan during construction of a new library facility. The United States Department of Agriculture (USDA) will close out the loan in October of 2009 and finance the debt for 25 years.

Note 9 – Bond

The Leetonia Exempted Village School District serves as the taxing authority in a ministerial function, and can issue tax related debt on behalf of the Library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Library Board of Trustees.

In 2006 the Library Board approved for the School District to place on the ballot, Library Construction Bonds in the amount of \$1,450,000 for the construction of the current Library. As of December 31, 2008 the principal outstanding was \$1,299,999.

Note 10 – Subsequent Events

The Library began construction of a new library facility in May 2008 to be completed in May 2009.

Note 11 - Jointly Governed Organization

The Library is a full voting member with the Northeast Ohio Regional Library System (NEO-RLS) which is defined as a Jointly Governed Organization under Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity.” NEO-RLS is a multi-type library consortium assisting member libraries to better meet the needs of their customers by creating opportunities to accomplish services and programs beyond individual capabilities and resources. NEO-RLS facilitates the work of member libraries through membership-driven services, professional development and responsible fiscal management.

Leetonia Community Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

Note 12 – Restatement of Prior Year’s Fund Balance

In fiscal year 2008 a check was voided that was written in fiscal year 2007. The adjustment made to void this expenditure had the following effect on the General Fund balance:

	<u>General Fund</u>
Balance December 31, 2007	\$708,543
Adjustment	<u>179</u>
Balance January 1, 2008	<u><u>\$708,722</u></u>

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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*

Leetonia Community Public Library
Columbiana County
181 Walnut St.
Leetonia, Ohio 44431

To the Library Board of Trustees:

We have audited the financial statements of the Leetonia Community Public Library, Columbiana County, (the Library) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 25, 2009. We noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the Library's management in a separate letter dated August 25, 2009.

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Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated August 25, 2009.

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

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

August 25, 2009



Mary Taylor, CPA
Auditor of State

LEETONIA COMMUNITY PUBLIC LIBRARY
COLUMBIANA 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 5, 2009