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Certified Public Accountants, A.C.

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY  
Regular Audit**

**For the Years Ended December 31, 2014 and 2013**

[www.perrycpas.com](http://www.perrycpas.com)

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Loudonville Public Library, Ashland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 25, 2015

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LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY

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July 28, 2015

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of **Loudonville Public Library**, Ashland County, (the Library) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.



***...“bringing more to the table”***

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Loudonville Public Library, Ashland County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



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

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Public Library	\$ 528,358	\$ -	\$ -	\$ -	\$ 528,358
Patron Fines and Fees	11,303	-	-	-	11,303
Services Provided to Other Entities	342	-	-	-	342
Contributions, Gifts and Donations	68,604	49,760	-	-	118,364
Earnings on Investments	1,697	-	92	544	2,333
Miscellaneous	3,014	-	-	-	3,014
<i>Total Cash Receipts</i>	<u>613,318</u>	<u>49,760</u>	<u>92</u>	<u>544</u>	<u>663,714</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	220,148	6,849	-	-	226,997
Collection Development and Processing	61,251	44,888	-	-	106,139
Support Services					
Facilities Operation and Maintenance	76,528	-	-	-	76,528
Information Services	46,769	-	-	-	46,769
Business Administration	176,299	122	-	-	176,421
Capital Outlay	14,555	5,388	845	-	20,788
<i>Total Cash Disbursements</i>	<u>595,550</u>	<u>57,247</u>	<u>845</u>	<u>-</u>	<u>653,642</u>
<i>Net Change in Fund Cash Balances</i>	17,768	(7,487)	(753)	544	10,072
<i>Fund Cash Balances, January 1</i>	<u>558,028</u>	<u>49,327</u>	<u>17,261</u>	<u>6,054</u>	<u>630,670</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	692	-	6,285	3,838	10,815
Restricted	-	41,840	10,223	2,760	54,823
Assigned	26,021	-	-	-	26,021
Unassigned	549,083	-	-	-	549,083
<i>Fund Cash Balances, December 31</i>	<u>\$ 575,796</u>	<u>\$ 41,840</u>	<u>\$ 16,508</u>	<u>\$ 6,598</u>	<u>\$ 640,742</u>

The accompanying notes are an integral part of the Financial Statements.

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Public Library	\$ 538,668	\$ -	\$ -	\$ -	\$ 538,668
Patron Fines and Fees	11,188	-	-	-	11,188
Services Provided to Other Entities	361	-	-	-	361
Contributions, Gifts and Donations	249,104	39,400	-	-	288,504
Earnings on Investments	1,060	-	121	372	1,553
Miscellaneous	4,544	-	-	-	4,544
<i>Total Cash Receipts</i>	<u>804,925</u>	<u>39,400</u>	<u>121</u>	<u>372</u>	<u>844,818</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	209,150	3,955	-	-	213,105
Collection Development and Processing	69,060	31,098	-	1,510	101,668
Support Services					
Facilities Operation and Maintenance	78,763	-	-	-	78,763
Information Services	51,889	-	-	-	51,889
Business Administration	167,928	53	-	-	167,981
Capital Outlay	16,815	11,414	-	-	28,229
Debt Service:					
Principal Retirement	-	-	36,182	-	36,182
Interest and Fiscal Charges	-	-	1,411	-	1,411
<i>Total Cash Disbursements</i>	<u>593,605</u>	<u>46,520</u>	<u>37,593</u>	<u>1,510</u>	<u>679,228</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>211,320</u>	<u>(7,120)</u>	<u>(37,472)</u>	<u>(1,138)</u>	<u>165,590</u>
<b>Other Financing Receipts</b>					
Sale of Capital Assets	707	-	-	-	707
<i>Total Other Financing Receipts</i>	<u>707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>707</u>
<i>Net Change in Fund Cash Balances</i>	212,027	(7,120)	(37,472)	(1,138)	166,297
<i>Fund Cash Balances, January 1</i>	<u>346,000</u>	<u>56,447</u>	<u>54,734</u>	<u>7,192</u>	<u>464,373</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	671	-	6,285	3,838	10,794
Restricted	-	49,327	10,977	2,216	62,520
Assigned	20,872	-	-	-	20,872
Unassigned	536,484	-	-	-	536,484
<i>Fund Cash Balances, December 31</i>	<u>\$ 558,027</u>	<u>\$ 49,327</u>	<u>\$ 17,262</u>	<u>\$ 6,054</u>	<u>\$ 630,670</u>

The accompanying notes are an integral part of the Financial Statements.

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Loudonville Public Library, Ashland County (the Library) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Library. The Library provides the community with numerous and varied educational and literary resources.

The Library participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that entity.

Public Entity Risk Pool:

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library U.S. Treasury Notes and common stock at cost (or fair value when donated). Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Donation Fund – This fund receives contributions and donations restricted for specified purposes.

Young Book Fund – This fund receives contributions and donations restricted for specified purposes.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Project Fund:

Permanent Improvement Fund – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

**4. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant Permanent Fund:

Doctor Fuller Fund – This fund maintains monies from an endowment.

**E. Budgetary Process**

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

1. Nonspendable

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amount represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

The Library records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Library maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand deposits	\$ 329,171	\$ 297,665
Certificates of deposit	295,672	244,907
Total deposits	624,843	542,572
Ameriprise funds	2,796	-
STAR Ohio	2,981	77,976
Common stock (at cost, fair value was \$64,153 and \$43,162 at December 31, 2014 and 2013, respectively.)	10,122	10,122
Total investments	15,899	88,098
Total deposits and investments	\$ 640,742	\$ 630,670

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

**Investments:** A financial institution's trust department holds the Library's equity securities in book entry form in the Library's name. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2014 and 2013 follows:

Fund Type	2014 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 529,424	\$ 613,318	\$ 83,894
Special Revenue	42,000	49,760	7,760
Capital Projects	-	92	92
Permanent	-	544	544
Total	\$ 571,424	\$ 663,714	\$ 92,290

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**3. BUDGETARY ACTIVITY (Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,087,452	\$ 621,571	\$ 465,881
Special Revenue	90,827	67,177	23,650
Capital Projects	17,261	845	16,416
Permanent	6,054	-	6,054
Total	\$ 1,201,594	\$ 689,593	\$ 512,001

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 791,987	\$ 805,632	\$ 13,645
Special Revenue	35,000	39,400	4,400
Capital Projects	-	121	121
Permanent	-	372	372
Total	\$ 826,987	\$ 845,525	\$ 18,538

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,137,987	\$ 614,477	\$ 523,510
Special Revenue	56,448	49,966	6,482
Capital Projects	54,733	37,593	17,140
Permanent	7,192	1,510	5,682
Total	\$ 1,256,360	\$ 703,546	\$ 552,814

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. This method of distribution is called the "percentage of revenue" method. This method was not used for August 2011 through June 2013. During that 23 month period PLF received a designated percentage of the dollar amounts received by the fund during the corresponding month of the fiscal year 2011 "base-year" period. Effective July 2013 the statutory allocation method reverted to the "percentage of revenue" method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution the "statutory allocation method" was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county's allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014 the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements will be computed in December 2014. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June 2015.

**5. DEBT**

On July 15, 1999, the Library entered into \$1,418,500 lease purchase agreement with Farmers and Saving Bank for the construction of 16,000 square feet addition to the Library and to retrofit the current Library structure. The debt was paid off in 2013.

**6. RETIREMENT SYSTEMS**

The Library's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2014.

**7. RISK MANAGEMENT**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**7. RISK MANAGEMENT (Continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<b>2013</b>	<b>2014</b>
Assets	<u>\$13,774,304</u>	<u>\$14,830,185</u>
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

July 28, 2015

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Loudonville Public Library**, Ashland County, (the Library) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 28, 2015 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.



**... "bringing more to the table"**

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll  
Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



***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, opining 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 matter not requiring inclusion in this report that we reported to management in a separate letter dated July 28, 2015.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

LOUDONVILLE PUBLIC LIBRARY  
ASHLAND COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

**Material Weakness**

**Classification of Fund Balances**

Fund balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54.

- In 2014 and 2013, balances in the Permanent Improvement Fund were misclassified as Assigned rather than Restricted.
- In 2014 and 2013, balances in the Doctor Fuller Fund were misclassified as Assigned rather than Restricted.
- In 2014, balances in the Donation Fund and Young Book Fund were misclassified as Assigned rather than Restricted.

Not properly classifying fund balances resulted in the financial statements requiring several adjustments. The Library has agreed with and posted all adjustments to their accounting system. The financial statements reflect all adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all resources are properly classified on the financial statements.

We recommend the fiscal officer refer to Auditor of State Technical Bulletin 2011-004 for fund balance classification information.

**Management's Response** – We did not receive a response from officials to this finding.

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# Dave Yost • Auditor of State

LOUDONVILLE PUBLIC LIBRARY

ASHLAND COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 8, 2015