



**Mary Taylor, CPA**  
Auditor of State



**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

Bexley Public Library  
Franklin County  
2411 E. Main Street  
Bexley, Ohio 43209

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

August 7, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Bexley Public Library  
Franklin County  
2411 E. Main Street  
Bexley, Ohio 43209

To the Board of Trustees:

We have audited the accompanying financial statements of Bexley Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amount reports pursuant to this non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2006 and December 31, 2005, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Bexley Public Library, Franklin County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

**August 7, 2007**



**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$1,886,470	\$0	\$0	\$0	\$1,886,470
Patron Fines and Fees	70,885	0	0	0	70,885
Earnings on Investments	15,052	229	52,429	2,638	70,348
Contributions, Gifts and Donations	12,135	2,410	0	1,030	15,575
Miscellaneous Receipts	7,010	0	0	0	7,010
	<u>1,991,552</u>	<u>2,639</u>	<u>52,429</u>	<u>3,668</u>	<u>2,050,288</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	1,477,381	0	0	0	1,477,381
Purchased and Contracted Services	168,051	1,800	0	0	169,851
Supplies	37,648	0	0	0	37,648
Library Materials and Information	272,967	1,077	0	1,189	275,233
Other	6,221	0	0	0	6,221
Capital Outlay	0	0	11,231	0	11,231
	<u>1,962,268</u>	<u>2,877</u>	<u>11,231</u>	<u>1,189</u>	<u>1,977,565</u>
Total Cash Receipts Over/(Under) Cash Disbursements	29,284	(238)	41,198	2,479	72,723
Fund Cash Balances, January 1	<u>314,924</u>	<u>4,530</u>	<u>1,133,562</u>	<u>53,375</u>	<u>1,506,391</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$344,208</u></b>	<b><u>\$4,292</u></b>	<b><u>\$1,174,760</u></b>	<b><u>\$55,854</u></b>	<b><u>\$1,579,114</u></b>
Reserves for Encumbrances, December 31	<u>\$86,075</u>	<u>\$1,985</u>	<u>\$54,609</u>	<u>\$0</u>	<u>\$142,669</u>

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

**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Sales	\$75
Total Operating Cash Receipts	75
<b>Operating Cash Disbursements:</b>	
Current:	
Supplies	112
Total Operating Cash Disbursements	112
Operating Loss	(37)
Fund Cash Balances, January 1	422
<b>Fund Cash Balances, December 31</b>	<b>\$385</b>

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

**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$1,886,469	\$0	\$0	\$0	\$1,886,469
Patron Fines and Fees	75,341	0	0	0	75,341
Earnings on Investments	7,176	30	31,831	1,583	40,620
Contributions, Gifts and Donations	14,444	4,500	0	1,500	20,444
Miscellaneous Receipts	7,079	0	0	0	7,079
<b>Total Cash Receipts</b>	<u>1,990,509</u>	<u>4,530</u>	<u>31,831</u>	<u>3,083</u>	<u>2,029,953</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	1,508,251	0	0	0	1,508,251
Purchased and Contracted Services	176,932	0	0	0	176,932
Supplies	32,534	0	0	0	32,534
Library Materials and Information	234,159	0	0	2,485	236,644
Other	5,948	0	0	0	5,948
Capital Outlay	0	0	1,243	0	1,243
<b>Total Cash Disbursements</b>	<u>1,957,824</u>	<u>0</u>	<u>1,243</u>	<u>2,485</u>	<u>1,961,552</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	32,685	4,530	30,588	598	68,401
<b>Fund Cash Balances, January 1</b>	<u>282,239</u>	<u>0</u>	<u>1,102,974</u>	<u>52,777</u>	<u>1,437,990</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$314,924</b></u>	<u><b>\$4,530</b></u>	<u><b>\$1,133,562</b></u>	<u><b>\$53,375</b></u>	<u><b>\$1,506,391</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$81,747</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$81,747</b></u>

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

BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Sales	<u>\$345</u>
Total Operating Cash Receipts	<u>345</u>
<b>Operating Cash Disbursements:</b>	
Current:	
Supplies	<u>184</u>
Total Operating Cash Disbursements	<u>184</u>
Operating Income	<u>161</u>
Fund Cash Balances, January 1	<u>261</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$422</b></u>

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

**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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 Bexley Public Library, Franklin County, Ohio (the Library) as a body corporate and politic. The Bexley City School District Board of Education appoints a 7-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**B. Accounting Basis**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursement accounting basis. The Library 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 Auditor of State prescribes or permits.

**C. Cash 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 values certificates of deposit at cost. Money market mutual funds (including STAR OHIO) are recorded at share values the mutual fund reports.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund accounts for proceeds from specific sources (other than from private purpose trust or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following Special Revenue Fund:

*Samuel C. Shamansky Fund* – This fund receives gifts and donations from benefactors and expends the resources for library goods and services at the discretion of the Library Director.

**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Capital Projects Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Library had the following Capital Projects Fund:

*Building and Repair Fund* – The monies maintained in this fund are to be used for the future purchase of land, and for improving and expanding the existing library facility.

**4. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs... The Library had the following significant Permanent Funds:

*John F. Schacht Endowment Fund* – This fund receives gifts and donations from benefactors and uses the interest earned on the fund balance to purchase mathematics books for the Library.

*Brad Alan Sokolov Endowment Fund* – This fund receives gifts and donations from benefactors and uses the interest earned on the fund balance to purchase audiovisual materials.

*Louise M. McCulloch Endowment for Literary and Scholarly Works Fund* – This fund receives gifts and donations from benefactors and uses the interest earned on the fund balance to purchase literary and scholarly books and to pay expenses for organizing lectures, speaking and educational programs.

**5. Enterprise Fund**

This fund accounts for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Library had the following Enterprise Fund:

*Vending Machine Fund* – Monies are collected as receipts from the vending machine. The revenues from these sales are utilized to replenish the vending machine.

**E. Budgetary Process**

The Board must annually approve an appropriation measure 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 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**G. 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 CASH AND INVESTMENTS**

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31<sup>st</sup> follows:

	2006	2005
Demand deposits	\$86,735	\$188,964
Certificates of Deposit	661,469	526,066
Total deposits	748,204	715,030
Star Ohio	831,295	791,783
Total investments	831,295	791,783
Total deposits and investments	\$1,579,499	\$1,506,813

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

**Investments:** Investments in STAR OHIO are not evidenced by securities existing in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and December 31, 2005 follows:

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$2,300,262	\$1,991,552	(\$308,710)
Special Revenue	0	2,639	2,639
Capital Projects	15,000	52,429	37,429
Enterprise	600	75	(525)
Permanent	1,850	3,668	1,818
Total	\$2,317,712	\$2,050,363	(\$267,349)

**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,288,865	\$2,048,343	\$240,522
Special Revenue	9,530	4,862	4,668
Capital Projects	1,148,562	65,840	1,082,722
Enterprise	1,022	112	910
Permanent	55,225	1,189	54,036
Total	<u>\$3,503,204</u>	<u>\$2,120,346</u>	<u>\$1,382,858</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,258,500	\$1,990,509	(\$267,991)
Special Revenue	5,000	4,530	(470)
Capital Projects	15,000	31,831	16,831
Enterprise	750	345	(405)
Permanent	1,775	3,083	1,308
Total	<u>\$2,281,025</u>	<u>\$2,030,298</u>	<u>(\$250,727)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,319,194	\$2,039,571	\$279,623
Special Revenue	5,000	0	5,000
Capital Projects	1,117,974	1,243	1,116,731
Enterprise	1,011	184	827
Permanent	54,552	2,485	52,067
Total	<u>\$3,497,731</u>	<u>\$2,043,483</u>	<u>\$1,454,248</u>

**4. GRANTS-IN-AID RECEIPTS**

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



**BEXLEY PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 and 9.0 percent of their 2005 and 2006 gross salaries, respectively. The Library contributed an amount equal to 13.55 and 13.70 percent of participants' gross salaries for 2005 and 2006, respectively. The Library has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

Comprehensive property and general liability; and  
Errors and omissions.

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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

Bexley Public Library  
Franklin County  
2411 E. Main Street  
Bexley, Ohio 43209

To the Board of Trustees:

We have audited the financial statements of the Bexley Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated August 7, 2007, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 a certain matter that we reported to the Library's management in a separate letter dated August 7, 2007.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

**August 7, 2007**



**Mary Taylor, CPA**  
Auditor of State

**BEXLEY PUBLIC LIBRARY**

**FRANKLIN 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  
AUGUST 23, 2007**