

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY, OHIO**

**REGULAR AUDIT**

**For The Years  
Ended December 31, 2006 – 2005**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Pataskala Public Library  
101 South Vine Street  
Pataskala, Ohio 43062

We have reviewed the *Independent Auditor's Report* of the Pataskala Public Library, Licking County, prepared by Kennedy Cottrell Richards, for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Pataskala Public Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 4, 2007

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**PATASKALA PUBLIC LIBRARY, LICKING COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Pataskala Public Library  
Licking County  
101 South Vine Street  
Pataskala, Ohio 43062

To the Board of Trustees:

We have audited the accompanying financial statements of the Pataskala Public Library, Licking 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above 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 2005, or its changes in financial position 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 Pataskala Public Library, Licking County, as of December 31, 2006 and 2005 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "KENNEDY COTTRELL RICHARDS". The signature is written in a cursive style with all capital letters.

Kennedy Cottrell Richards  
Columbus, Ohio

February 16, 2007

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 615,060	\$ -	\$ 615,060
Patron Fines and Fees	19,913	-	19,913
Earnings on Investments	47,090	-	47,090
Contributions, Gifts, and Donations	2,908	-	2,908
Miscellaneous Receipts	458	-	458
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	685,429	-	685,429
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	396,980	-	396,980
Employee Fringe Benefits	97,429	-	97,429
Purchased and Contracted Services	30,327	3,114	33,441
Library Materials and Information	132,307	-	132,307
Other Objects	20,278	-	20,278
Capital Outlay	6,994	-	6,994
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	684,315	3,114	687,429
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	1,114	(3,114)	(2,000)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	-	-	-
Advances-Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	-	-
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	1,114	(3,114)	(2,000)
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, January 1	173,168	918,094	1,091,262
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balance, December 31</b>	<b>\$ 174,282</b>	<b>\$ 914,980</b>	<b>\$ 1,089,262</b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	9,269	4,500	13,769
	<hr/>	<hr/>	<hr/>

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

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 615,060	\$ -	\$ 615,060
Patron Fines and Fees	19,566	-	19,566
Earnings on Investments	26,452	-	26,452
Contributions, Gifts, and Donations	2,359	500	2,859
Miscellaneous Receipts	5,337	-	5,337
<b>Total Cash Receipts</b>	<u>668,774</u>	<u>500</u>	<u>669,274</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	381,129	-	381,129
Employee Fringe Benefits	86,643	-	86,643
Purchased and Contracted Services	38,534	46,819	85,353
Library Materials and Information	141,722	-	141,722
Other Objects	17,105	-	17,105
Capital Outlay	4,501	-	4,501
<b>Total Cash Disbursements</b>	<u>669,634</u>	<u>46,819</u>	<u>716,453</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(860)</u>	<u>(46,319)</u>	<u>(47,179)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	2,818	2,818	5,636
Advances-Out	(2,818)	(2,818)	(5,636)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<u>(860)</u>	<u>(46,319)</u>	<u>(47,179)</u>
<b>Fund Cash Balance, January 1</b>	<u>174,028</u>	<u>964,413</u>	<u>1,138,441</u>
<b>Fund Cash Balance, December 31</b>	<u>\$ 173,168</u>	<u>\$ 918,094</u>	<u>\$ 1,091,262</u>
<b>Reserve for Encumbrances, December 31</b>	<u>16,909</u>	<u>6,053</u>	<u>22,962</u>

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

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

**NOTES TO THE 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 Pataskala Public Library, Licking County, Ohio, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by the Southwest Licking School Board. The Library provides the community with various educational and literary resources.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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:

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

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

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

**1. General Fund**

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

**2. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant Capital Projects Fund:

*Building Fund* – This fund receives receipts designated for the construction of a new library building.

**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 2006 and 2005 budgetary activity appears in Note 3.

**F. 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.

**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.

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

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

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

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$18,232	\$18,095
Certificates of deposits	733,145	793,966
Total deposits	751,377	812,061
Money Market Savings	299,987	252,803
STAR Ohio	37,898	26,398
Total deposits and investments	\$1,089,262	\$1,091,262

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities pledged by the financial institution to the library.

**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 2005 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	785,087	693,584	91,503
Capital Project	11,167	7,614	3,553
Total	796,254	701,198	95,056

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	810,071	686,543	123,528
Capital Project	69,600	52,872	16,728
Total	879,671	739,415	140,256

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

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

**4. GRANTS-IN-AID**

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 on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new 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 receives.

**5. RETIREMENT SYSTEM**

The Library's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members of PERS contributed 9% and 8.5% of their gross salaries. The Library contributed an amount equal to 13.70% and 13.55% of participants' gross salaries. The Library has paid all employer contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles,
- Property, including electronic data equipment, and;
- Errors and omissions.

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

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

Pataskala Public Library  
Licking County  
101 South Vine Street  
Pataskala, Ohio 43062

To the Board of Trustees:

We have audited the financial statements of the Pataskala Public Library, Licking County (the Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August February 16, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 that are required to be reported under *Government Auditing Standards*.

Pataskala Public Library  
Licking County  
Auditor's Report on Internal Control and on Compliance and Other Matters  
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This report is intended solely for the information and use of the management, the Library Council, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "KENNEDY COTTRELL RICHARDS". The signature is written in a cursive style with all letters in uppercase.

Kennedy Cottrell Richards  
Columbus, Ohio

February 16, 2007



Mary Taylor, CPA  
Auditor of State

PATASKALA PUBLIC LIBRARY

LICKING 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  
APRIL 17, 2007