



**Mary Taylor, CPA**  
Auditor of State



**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Richwood North Union Public Library  
Union County  
4 East Ottawa Street  
Richwood, Ohio 43344

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.

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

**Mary Taylor, CPA**  
Auditor of State

August 8, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Richwood North Union Public Library  
Union County  
4 East Ottawa Street  
Richwood, Ohio 43344

To the Board of Trustees:

We have audited the accompanying financial statements of Richwood North Union Public Library, Union County, Ohio (the Library) as of and for the years ended December 31, 2007 and 2006. 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 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 (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.

GAAP requires 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 amounts reported pursuant to its 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, 2007 and 2006 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, 2007 and 2006, 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 fund cash balances and reserves for encumbrances of Richwood North Union Public Library, Union County, Ohio, as of December 31, 2007 and 2006, and its 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 8, 2008, 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 8, 2008



**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 389,812	\$ -	\$ 389,812
Patron Fines and Fees	6,756		6,756
Contributions, Gifts and Donations	137		137
Earnings on Investments	7,361		7,361
Miscellaneous	3,242		3,242
	<u>407,308</u>	<u>-</u>	<u>407,308</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries	123,931		123,931
Employee Fringe Benefits	55,383		55,383
Purchased and Contracted Services	67,411		67,411
Library Materials and Information	41,813		41,813
Supplies	8,442		8,442
Other	1,472		1,472
Debt Service:			
Redemption of Principal	19,982		19,982
Interest Payments and Other Financing Fees and Costs	22,070		22,070
Capital Outlay	12,198		12,198
	<u>352,702</u>	<u>-</u>	<u>352,702</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over Cash Disbursements	54,606	-	54,606
Fund Cash Balances, January 1	185,927	610	186,537
<b>Fund Cash Balances, December 31</b>	<u>\$ 240,533</u>	<u>\$ 610</u>	<u>\$ 241,143</u>
Reserve for Encumbrances, December 31	<u>\$ 9,517</u>	<u>\$ -</u>	<u>\$ 9,517</u>

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

**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 389,812	\$ -	\$ 389,812
Patron Fines and Fees	7,219		7,219
Contributions, Gifts and Donations	1,141		1,141
Earnings on Investments	6,112		6,112
Miscellaneous	9,102		9,102
	<u>413,386</u>	<u>-</u>	<u>413,386</u>
<b>Total Cash Receipts</b>			
	<u>413,386</u>	<u>-</u>	<u>413,386</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	127,466		127,466
Employee Fringe Benefits	48,899		48,899
Purchased and Contracted Services	80,516		80,516
Library Materials and Information	53,987		53,987
Supplies	9,601		9,601
Other	4,674		4,674
Debt Service:			
Redemption of Principal	19,296		19,296
Interest Payments and Other Financing Fees and Costs	22,756		22,756
Capital Outlay	3,929		3,929
	<u>371,124</u>	<u>-</u>	<u>371,124</u>
<b>Total Cash Disbursements</b>			
	<u>371,124</u>	<u>-</u>	<u>371,124</u>
Total Cash Receipts Over Cash Disbursements	42,262	-	42,262
Fund Cash Balances, January 1	143,665	610	144,275
<b>Fund Cash Balances, December 31</b>	<u>\$ 185,927</u>	<u>\$ 610</u>	<u>\$ 186,537</u>
Reserve for Encumbrances, December 31	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ 4,200</u>

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

**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

**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 Richwood North Union Public Library, Union County, Ohio (the Library) as a body corporate and politic. The Board of Education of the North Union Local School District appoints a seven member Board of Trustees to govern the Library. The Library provides the community with various educational and literacy 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 accounting basis is similar to the cash receipts and disbursements 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 investments purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

U.S. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds 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. Capital Projects Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects.

**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 objective level of control.

A summary of 2007 and 2006 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.

**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 was as follows:

	2007	2006
Demand deposits	\$74,142	\$100,716
Cash on Hand	50	50
Total deposits	74,192	100,766
STAR Ohio	166,951	85,771
Total investments	166,951	85,771
Total deposits and investments	\$241,143	\$186,537

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically 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, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$389,100	\$407,308	\$18,208

**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**3. Budgetary Activity (Continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$479,200	\$362,219	\$116,981

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$387,100	\$413,386	\$26,286

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$444,300	\$375,324	\$68,976

**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 of any additional revenues the Library receives.

**5. Debt**

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Library Facilities Notes	\$619,695	Variable 3.5% to 5.5%

In 2003, the Board authorized the issuance of \$700,000 in notes in anticipation of Library and Local Government Fund Receipts. The purpose of the notes was to fund the costs of acquiring, constructing, installing, and equipping certain improvements to the facilities of the Library.

**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**5. Debt (continued)**

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

Year ending December 31:	Library Facilities Notes
2008	\$42,052
2009	42,052
2010	42,052
2011	42,052
2012	42,052
2013-2017	222,819
2018-2023	225,000
2023-2028	264,279
Total	\$922,358

**6. 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 9.5 percent in 2007 and 9.0 percent in 2006 of their gross salaries. The Library contributed an amount equal to 13.85 percent in 2007 and 13.70 percent in 2006 of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**7. Risk Management**

The Library has obtained commercial insurance for the following risk:

- Comprehensive property and general liability;
- Crime
- Vehicles;
- Errors and omissions; and

The Library provides health insurance to full-time employees through the North Union Local School District.



# 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*

Richwood North Union Public Library  
Union County  
4 East Ottawa Street  
Richwood, Ohio 43344

To the Library Board of Trustees:

We have audited the financial statements of the Richwood North Union Public Library, Union County, Ohio, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 8, 2008, 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.

Our consideration of internal control over financial reporting was for the limited purposes described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding 2007-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Library's management in a separate letter dated August 8, 2008.

### **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 8, 2008.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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.



**Mary Taylor, CPA**  
Auditor of State

August 8, 2008



**RICHWOOD NORTH UNION PUBLIC LIBRARY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2007-001</b>
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**Significant Deficiency and Material Weakness**

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments and reclassifications were made to the General Fund on the December 31, 2007 and 2006 financial statements.

1. Reclassifications of \$22,070 and \$22,756 in 2007 and 2006, respectfully, were made to properly reflect interest and fiscal expenses.
2. Adjustments of \$8,876 and \$3,464 in 2007 and 2006, respectfully, were made to properly report the employee portion of health insurance premiums

The following reclassifications were inconsequential to the overall financial statements of the Library and were not posted to the December 31, 2007 and 2006 financial statements:

1. A reclassification to properly reflect receipts received from refunds as miscellaneous receipts rather than contributions, gifts, and donations, and earnings on investments.
2. An adjustment to properly record payroll expense.

To ensure the Library's financial statements and notes to the statements are complete and accurate the Library should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and the governing board, to identify and correct errors and omissions.

**Officials' Response:**

We have been made aware of the corrections and recommendations and will apply these properly to our records for the next audit.





**Mary Taylor, CPA**  
Auditor of State

**RICHWOOD NORTH UNION PUBLIC LIBRARY**

**UNION 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  
SEPTEMBER 9, 2008**