

**Pataskala Public Library**

Licking County, Ohio

Regular Audit

For the Years Ended  
December 31, 2008-2007







# 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 LLC, for the audit period January 1, 2007 through December 31, 2008. 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.

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

Mary Taylor, CPA  
Auditor of State

April 6, 2009

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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, (the "Library") as of and for the years ended December 31, 2008 and 2007. 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 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, 2008 and 2007 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, 2008 and 2007, 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 Library as of and for the years ended December 31, 2008 and 2007, 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 March 3, 2009, 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 black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC  
March 3, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 252,279	\$ -	\$ 252,279
Local Libraries	605,134	-	605,134
Intergovernmental	33,459	-	33,459
Patron Fines and Fees	21,467	-	21,467
Earnings on Investments	54,454	-	54,454
Contributions, Gifts, and Donations	4,299	-	4,299
Miscellaneous Receipts	1,265	-	1,265
<b>Total Cash Receipts</b>	<u>972,357</u>	<u>-</u>	<u>972,357</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	437,691	-	437,691
Employee Fringe Benefits	117,471	-	117,471
Purchased and Contracted Services	64,836	275	65,111
Library Materials and Information	169,097	-	169,097
Other Objects	20,613	-	20,613
Capital Outlay	71,804	-	71,804
<b>Total Cash Disbursements</b>	<u>881,512</u>	<u>275</u>	<u>881,787</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>90,845</u>	<u>(275)</u>	<u>90,570</u>
<b>Fund Cash Balance, January 1</b>	<u>169,075</u>	<u>914,695</u>	<u>1,083,770</u>
<b>Fund Cash Balance, December 31</b>	<u>\$ 259,920</u>	<u>\$ 914,420</u>	<u>\$ 1,174,340</u>
<b>Reserve for Encumbrances, December 31</b>	<u>7,658</u>	<u>-</u>	<u>7,658</u>

*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, 2007**

	<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	20,599	-	20,599
Earnings on Investments	51,043	-	51,043
Contributions, Gifts, and Donations	2,239	-	2,239
Miscellaneous Receipts	2,066	-	2,066
	<u>691,007</u>	<u>-</u>	<u>691,007</u>
<b>Total Cash Receipts</b>			
	691,007	-	691,007
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	393,091	-	393,091
Employee Fringe Benefits	100,177	-	100,177
Purchased and Contracted Services	42,088	285	42,373
Library Materials and Information	140,704	-	140,704
Other Objects	19,315	-	19,315
Capital Outlay	839	-	839
	<u>696,214</u>	<u>285</u>	<u>696,499</u>
<b>Total Cash Disbursements</b>			
	696,214	285	696,499
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(5,207)</u>	<u>(285)</u>	<u>(5,492)</u>
<b>Fund Cash Balance, January 1</b>	<u>174,282</u>	<u>914,980</u>	<u>1,089,262</u>
<b>Fund Cash Balance, December 31</b>	<u>\$ 169,075</u>	<u>\$ 914,695</u>	<u>\$ 1,083,770</u>
<b>Reserve for Encumbrances, December 31</b>	<u>16,239</u>	<u>-</u>	<u>16,239</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, 2008 AND 2007**

**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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements 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 prescribed or permitted by the Auditor of the State.

**C. Deposits and Investments**

The Library's accounting basis includes investments of 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.

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:

**1. General Fund**

The General Fund reports 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.

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 fund, function, and object level of control.

A summary of 2008 and 2007 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 DEPOSITS 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>2008</u>	<u>2007</u>
Demand deposits	\$17,799	\$27,286
Certificates of deposits	986,641	703,747
Total deposits	<u>1,004,440</u>	<u>731,033</u>
Money Market Savings	83,838	312,640
STAR Ohio	86,062	40,097
Total deposits and investments	<u>\$1,174,340</u>	<u>\$1,083,770</u>

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation, or 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.

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$943,324	\$972,357	\$ (29,033)
Capital Project	-	-	-
Total	<u>\$943,324</u>	<u>\$972,357</u>	<u>\$ (29,033)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,063,889	\$889,170	\$174,719
Capital Project	4,000	275	3,725
Total	<u>\$1,067,889</u>	<u>\$889,445</u>	<u>\$178,444</u>

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$657,360	\$691,007	\$(33,647)
Capital Project	-	-	-
Total	<u>\$657,360</u>	<u>\$691,007</u>	<u>\$(33,647)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$782,897	\$712,453	\$70,444
Capital Project	8,500	285	8,215
Total	<u>\$791,397</u>	<u>\$712,738</u>	<u>\$78,659</u>

**4. GRANTS-IN-AID AND TAX 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 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. In January 2008, the Library and Local Government Support Fund was renamed the Local Libraries Fund

**PATASKALA PUBLIC LIBRARY  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library. In November 2007 a property tax levy was successfully passed for five years for .5 mills.

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, members of PERS contributed 10% and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Library has paid all employer contributions required through December 31, 2008.

**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 care coverage to full-time employees and life insurance coverage to all employees working more than 17 hours a week through a private carrier.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH 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, Ohio, (the "Library") as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated March 3, 2009, 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 for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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 a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **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 effect on 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 such 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*.

We noted certain additional matters that we reported to management of the Library in a separate letter dated March 3, 2009.

This report is intended for the information and use of management, and Board of Trustees, 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 LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC  
March 3, 2009



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 16, 2009