

**PICKERINGTON PUBLIC LIBRARY
FINANCIAL STATEMENTS
For the Years Ended December 31, 2006 and 2005**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Pickerington Public Library
201 Opportunity Way
Pickerington, Ohio 43147

We have reviewed the *Independent Auditors' Report* of the Pickerington Public Library, Fairfield County, prepared by Jones, Cochenour & Co., 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 Auditors' 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 Auditors' 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 Pickerington 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

August 27, 2007

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PICKERINGTON PUBLIC LIBRARY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1-2
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2006.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2005.....	4
Notes to the Financial Statements	5-9
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10-11



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INDEPENDENT AUDITORS' REPORT

Pickerington Public Library
Pickerington, Ohio

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

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statement is 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 audits provide 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting the entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat its statement. The Library has elected not to reformat statements since the Library does not use GAAP to measure financial statement amounts, 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.

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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 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 2005, or its changes in the 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 Pickerington Public Library, Fairfield County, Ohio, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 a report dated June 28, 2007 on our consideration of 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 Standard*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co." followed by a period.

Jones, Cochenour & Co.
June 28, 2007

**PICKERINGTON PUBLIC LIBRARY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
CASH RECEIPTS			
Library and local government support	\$ 1,064,770	\$ -	\$ 1,064,770
Intergovernmental	7,196	-	7,196
Patron fines and fees	51,487	-	51,487
Contributions, gifts, and donations	14,168	-	14,168
Earnings on investments	4,190	8,484	12,674
Miscellaneous receipts	380	-	380
TOTAL CASH RECEIPTS	<u>1,142,191</u>	<u>8,484</u>	<u>1,150,675</u>
CASH DISBURSEMENTS			
Current:			
Salaries	528,304	-	528,304
Employee fringe benefits	194,361	-	194,361
Purchased and contracted services	216,201	2,061	218,262
Library materials and information	153,640	-	153,640
Supplies	17,724	-	17,724
Other	10,776	-	10,776
Capital outlay	14,032	152,433	166,465
TOTAL CASH DISBURSEMENTS	<u>1,135,038</u>	<u>154,494</u>	<u>1,289,532</u>
TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS	<u>7,153</u>	<u>(146,010)</u>	<u>(138,857)</u>
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)			
Sale of fixed assets	142	-	142
Transfers-in	-	150,000	150,000
Transfers-out	(150,000)	-	(150,000)
TOTAL OTHER FINANCING RECEIPTS/(DISBURSEMENTS)	<u>(149,858)</u>	<u>150,000</u>	<u>142</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(142,705)	3,990	(138,715)
FUND CASH BALANCES, JANUARY 1	<u>331,297</u>	<u>198,374</u>	<u>529,671</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$ 188,592</u>	<u>\$ 202,364</u>	<u>\$ 390,956</u>
Reserves for Encumbrances	<u>\$ 12,523</u>	<u>\$ 3,500</u>	<u>\$ 16,023</u>

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

**PICKERINGTON PUBLIC LIBRARY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
CASH RECEIPTS			
Library and local government support	\$ 1,074,112	\$ -	\$ 1,074,112
Intergovernmental	-	-	-
Patron fines and fees	61,187	-	61,187
Contributions, gifts, and donations	794	90,000	90,794
Earnings on investments	5,592	14,581	20,173
Miscellaneous receipts	2,149	-	2,149
TOTAL CASH RECEIPTS	<u>1,143,834</u>	<u>104,581</u>	<u>1,248,415</u>
CASH DISBURSEMENTS			
Current:			
Salaries	532,099	-	532,099
Employee fringe benefits	195,578	-	195,578
Purchased and contracted services	203,312	53,132	256,444
Library materials and information	142,169	-	142,169
Supplies	23,108	-	23,108
Other	5,976	-	5,976
Capital outlay	7,143	690,545	697,688
TOTAL CASH DISBURSEMENTS	<u>1,109,385</u>	<u>743,677</u>	<u>1,853,062</u>
TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS	<u>34,449</u>	<u>(639,096)</u>	<u>(604,647)</u>
OTHER FINANCING RECEIPTS/(DISBURSEMENTS)			
Sale of fixed assets	859	-	859
TOTAL OTHER FINANCING RECEIPTS/(DISBURSEMENTS)	<u>859</u>	<u>-</u>	<u>859</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	35,308	(639,096)	(603,788)
FUND CASH BALANCES, JANUARY 1	<u>295,989</u>	<u>837,470</u>	<u>1,133,459</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$ 331,297</u>	<u>\$ 198,374</u>	<u>\$ 529,671</u>
Reserves for Encumbrances	<u>\$ 19,574</u>	<u>\$ 121,305</u>	<u>\$ 140,879</u>

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

PICKERINGTON PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Pickerington Public Library, Fairfield County, (the "Library") as a body corporate and politic. The Library appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

In addition to the library facilities located at 201 Opportunity Way, Pickerington, Ohio, the Library owns approximately 4.4 acres of land for future expansion on Refugee Road in Pickerington. According to the Fairfield County Recorder's Office, the Fairfield County Auditor has appraised the land at \$170,000.

The Friends of the Pickerington Public Library (the "Friends") is a not-for-profit corporation. The Friends is organized, and at all times shall be operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Library. Historically, the Library has received, directly or indirectly, a majority of the economic resources provided by the Friends. The purpose of the Friends is to support the ongoing efforts of the Library through fundraising, program generation, and any other means to facilitate the continued growth and development of the Library in the Pickerington community. The Friends is not a component unit of the Library since the financial statements of the Friends is not material to the financial statements of the Pickerington Public Library. The Friends does not issue separate financial statements and financial information is not included on the Library's financial statements. To obtain the information on the Friends, contact Beth McCullough at 660 Morello Ct, Pickerington, Ohio 43147 or at 614-837-2691.

The Library is a member of the Central Library Consortium (the CLC), a joint venture to provide reduced costs to the individual member libraries through collective efforts and resources sharing. The CLC is further discussed in Note 7.

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

Basis of Accounting

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 accounting basis. The Library recognizes receipts 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

Cash and Investments

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

The Library values certificates of deposit at cost and repurchase agreements at cost. Money market mutual funds (including STAR Ohio) are recorded at share values that the mutual fund reports.

Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to uses. The Library classifies its funds into the following types:

General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund.

PICKERINGTON PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting- Continued

Capital Project Fund – This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library’s Capital Project Fund is to be used for a Library Renovation Project.

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 December 31, 2006 and December 31, 2005 budgetary activity appears in Note 3.

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.

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 that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$ 193,125	\$ 331,927
Construction escrow account	-	56,240
Bank savings account	156,520	102,156
STAR Ohio	<u>41,311</u>	<u>39,348</u>
Total investments	<u>197,831</u>	<u>197,744</u>
Total deposits and investments	<u>\$ 390,956</u>	<u>\$ 529,671</u>

Deposits: Deposits are insured by the Federal Depository 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.

PICKERINGTON PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

3. BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,152,866	\$ 1,142,333	\$ (10,533)
Capital Projects	159,000	158,484	(516)
Total	\$ 1,311,866	\$ 1,300,817	\$ (11,049)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,400,037	\$ 1,297,561	\$ 102,476
Capital Projects	184,305	157,994	26,311
Total	\$ 1,584,342	\$ 1,455,555	\$ 128,787

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,139,662	\$ 1,144,693	\$ 5,031
Capital Projects	100,000	104,581	4,581
Total	\$ 1,239,662	\$ 1,249,274	\$ 9,612

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,312,694	\$ 1,128,959	\$ 183,735
Capital Projects	927,917	864,982	62,935
Total	\$ 2,240,611	\$ 1,993,941	\$ 246,670

PICKERINGTON PUBLIC LIBRARY

NOTES TO 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 (LLGFS). The State allocates LLGFS to each county based on the county's prior intangibles tax of LLGFS revenues, and its population. The Fairfield 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.

The Budget Commission allocated Fairfield County's share of the LLGFS for 2006 as follows; 66.8 percent to Fairfield County District Library, 24.9 percent to Pickerington Public Library, and 8.3 percent to Wagnalls Memorial Library. As a result of a settlement among these three libraries in 2006, this same distribution formula will remain in effect for 2007 and 2008. However, beginning for year 2009, the parties are free to propose a new distribution formula to the Budget Commission.

Additionally, during 2005, the Library received a \$90,000 grant from the Fairfield County Foundation to be used for capital improvements.

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 9.0 percent for 2006 and 8.5 percent for 2005 of their gross salaries. The Library contributed an amount equal to 13.70 percent for 2006 and 13.55 percent for 2005 of participants' gross salaries. The Library has paid all required contributions through December 31, 2006.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

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

7. JOINT VENTURE

The Library is a member of the Central Library Consortium (the "CLC"). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system. The CLC, which commenced on June 13, 1988, has seven members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, The Wagnalls Memorial Library, Pickaway County District Library, Marysville Public Library, and Plain City Public Library. The original agreement has been modified to extend membership to additional libraries. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president, and a secretary. The CLC's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library. Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library contributed \$51,036 and \$60,384 to the CLC in 2006 and 2005, respectively. The Library has no explicit and measurable equity interest in the venture. The Library's only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 W. 1st Ave., Columbus, Ohio 43212.

PICKERINGTON PUBLIC LIBRARY

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

8. LIBRARY RENOVATIONS

On January 10, 2005, the Library entered into a contract to renovate the Library with Dorsey Construction Services. The renovation was completed during 2005 for a total cost of \$636,430.



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

Pickerington Public Library
Pickerington, Ohio

We have audited the financial statements of Pickerington Public Library (the "Library") as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated June 28, 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 *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 auditing procedures for the purpose of 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 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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 that are required to be reported under *Government Auditing Standards*.

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We noted certain matters we reported to management of Pickerington Public Library in a separate letter dated June 28, 2007.

This report is intended solely for the information and use of the audit committee, management and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

**Jones, Cochenour & Co.
June 28, 2007**



Mary Taylor, CPA
Auditor of State

PICKERINGTON PUBLIC LIBRARY

FAIRFIELD 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 11, 2007**