

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Mayville District Public Library	County Tuscola
Fiscal Year End 6/30/07	Opinion Date 8/30/07	Date Audit Report Submitted to State 9/24/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO **Check each applicable box below.** (See instructions for further detail.)
- All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - The local unit has adopted a budget for all required funds.
 - A public hearing on the budget was held in accordance with State statute.
 - The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - The local unit only holds deposits/investments that comply with statutory requirements.
 - The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - The local unit is free of repeated comments from previous years.
 - The audit opinion is UNQUALIFIED.
 - The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - The board or council approves all invoices prior to payment as required by charter or statute.
 - To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Anderson, Tuckey, Bernhardt & Doran, P.C.		Telephone Number 989-673-3137		
Street Address 715 E. Frank St.		City Caro	State MI	Zip 48723
Authorizing CPA Signature 		Printed Name Gary Anderson, CPA		License Number 1101005446

MAYVILLE DISTRICT PUBLIC LIBRARY
Mayville, Michigan

Report on Financial Statements
(with required supplementary and
additional information)
June 30, 2007

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
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August 30, 2007

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Mayville District Public Library
Mayville, MI 48744

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities and the major funds of Mayville District Public Library, Mayville, Michigan, as of June 30, 2007, which collectively comprise the Library's basic financial statements as listed in the Table Of Contents. These financial statements are the responsibility of the Mayville District 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and the major fund of the Mayville District Public Library as of June 30, 2007 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As describe in Note 2, the Library has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* as of July 1, 2003.

The management's discussion and analysis and budgetary comparison information on pages i through ii and page 11, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the primary government of Mayville District Public Library's basic financial statements. The additional information on pages 12 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MAYVILLE DISTRICT PUBLIC LIBRARY
Management's Discussion and Analysis
June 30, 2007

The basic financial statements on pages 1 through 4 include information that presents two different views of the Library using the modified-accrual and full accrual methods.

The first two columns of the governmental fund balance sheet/statement of net assets and the governmental fund statement of revenue, expenditures, and changes in fund balance/statement of activities include information about the Library's General Fund and Debt Retirement Fund under the modified-accrual method. The modified-accrual basis focuses on current financial resources and provides a more detailed view about the accountability of the Library's sources and uses of the funds.

The adjustment column of the financial statements represents adjustments necessary to convert the modified-accrual financial statements to the Library as a Whole financial statements under the full-accrual method. The full-accrual basis focuses on long-term economic resources.

The Library as a Whole column provides both long-term and short-term information about the Library's overall financial status. The Library as a Whole statement of net assets – full-accrual basis column and the Library as a Whole statement of activities – full-accrual basis column provide information about the activities of the Library as a Whole and present a longer-term view of the Library's finances. These columns tell how these services were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

Below shows the key financial information under the full-accrual method in a condensed format. Note: Amounts and totals reported are for all Library activities, including general operations, capital projects, and debt activity – to give a complete picture.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets		
Current assets	\$96,319	\$83,092
Capital assets	<u>692,035</u>	<u>710,242</u>
Total assets	<u>\$788,354</u>	<u>\$739,334</u>
Liabilities		
Current liabilities	\$48,334	\$ 48,627
Long-term liabilities	<u>220,000</u>	<u>265,000</u>
Total liabilities	<u>\$268,334</u>	<u>\$313,627</u>
Net Assets		
Investment in capital assets – Net of related debt	\$427,035	\$400,242
Restricted for debt retirement	7,646	7,170
Unrestricted	<u>85,339</u>	<u>72,295</u>
Total net assets	<u>\$520,020</u>	<u>\$479,707</u>

MAYVILLE DISTRICT PUBLIC LIBRARY
Management's Discussion and Analysis
June 30, 2007

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Revenue		
Property taxes	\$102,854	\$ 97,106
Fines	48,723	40,478
Other	<u>19,073</u>	<u>18,785</u>
Total revenue	170,650	156,369
Expenses	<u>130,337</u>	<u>146,762</u>
Change in Net Assets	40,313	9,607
Net Assets, Beginning of year	<u>479,707</u>	<u>470,100</u>
Net Assets, End of year	<u>\$520,050</u>	<u>\$479,707</u>

The Library as a Whole

The Library's net assets increased by \$40,313 this year. The Library's primary sources of revenue are from property taxes and fines.

Salaries and fringe benefits continue to be the largest expense for the Library's General Fund.

The Library's Funds

The budgetary analysis of the General Fund is included on page 11, which shows the General Fund, the Library's major operating fund, including revenues and expenditures, excess of revenue over expenditures, other financing sources and fund balance.

Library's Budgetary Highlights

Over the course of the year, the Library Board amended the General Fund's budget several times. The major variance was the Penal Fine revenue, which exceeded the budget of \$10,823.

Capital Assets and Long-term Debt Activity

At the end of the fiscal year, the Library had \$937,116 invested in buildings, furniture, equipment, books, videos, and construction in progress based on the historical cost. During the year \$14,285 was spent on furniture and fixtures and \$229 was spent on office equipment.

The Library issued bonds during the year ended June 30, 2004 totaling \$400,000 for the construction/remodeling of the library building. Bonds in the amount of \$45,000 were redeemed during the current year.

Requests for Information

This financial report is designed to provide a general overview of Mayville District Public Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mayville District Public Library, 6090 Fulton St., Mayville, MI 48744.

BASIC FINANCIAL STATEMENTS

MAYVILLE DISTRICT PUBLIC LIBRARY
 Governmental Fund Balance Sheet/Statement of Net Assets
 For the Year Ended June 30, 2007

	GOVERNMENTAL FUND TYPES	
	MAJOR FUNDS	
	General	Debt Retirement
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 68,514	\$ 9,191
Certificates of deposit	16,460	
Accounts receivable	2,154	
TOTAL CURRENT ASSETS	87,128	9,191
CAPITAL ASSETS:		
Capital assets, net of accumulated depreciation	-	-
TOTAL CAPITAL ASSETS	-	-
TOTAL ASSETS	\$ 87,128	\$ 9,191
 <u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Payroll liabilities	\$ 1,789	
Accrued interest		
Current portion of long-term debt		
TOTAL CURRENT LIABILITIES	1,789	-
LONG-TERM LIABILITIES		
Bonds payable beyond one year		
TOTAL LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	1,789	-
 <u>FUND EQUITY - Unreserved</u>		
Designated:		
Debt retirement		\$ 9,191
Undesignated	85,339	
Total Fund Equity	85,339	9,191
TOTAL LIABILITIES AND FUND EQUITY	\$ 87,128	\$ 9,191
 <u>NET ASSETS</u>		
Invested in capital assets - net of related debt		
Restricted for debt retirement		
Unrestricted		
TOTAL NET ASSETS		

The accompanying notes are an integral part of the financial statements.

<u>Total - Modified- Accrual Basis</u>	<u>GASB No. 34 Adjustments (Note 3)</u>	<u>Library as a Whole Statement of Net Assets- Full-Accrual Basis</u>
\$ 77,705		\$ 77,705
16,460		16,460
2,154		2,154
<u>96,319</u>	<u>-</u>	<u>96,319</u>
-	\$ 692,035	692,035
-	692,035	692,035
<u>\$ 96,319</u>	<u>\$ 692,035</u>	<u>\$ 788,354</u>
\$ 1,789		\$ 1,789
-	\$ 1,545	1,545
-	50,000	50,000
<u>1,789</u>	<u>51,545</u>	<u>53,334</u>
-	215,000	215,000
-	215,000	215,000
<u>1,789</u>	<u>266,545</u>	<u>268,334</u>
9,191	(9,191)	-
<u>85,339</u>	<u>(85,339)</u>	<u>-</u>
94,530	(94,530)	-
<u>\$ 96,319</u>		
	\$ 427,035	\$ 427,035
	7,646	7,646
	85,339	85,339
	<u>\$ 520,020</u>	<u>\$ 520,020</u>

MAYVILLE DISTRICT PUBLIC LIBRARY
Statement of Governmental Fund Revenue, Expenditures And
Changes In Fund Balance/Statement of Activities
For the Year Ended June 30, 2007

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>General</u>	<u>Debt Retirement</u>
REVENUES:		
Grants	\$ 6,112	
Services	5,899	
Fines	48,723	
Property Taxes	47,004	\$ 55,850
Miscellaneous	6,841	221
	<hr/>	<hr/>
TOTAL REVENUES	114,579	56,071
	<hr/>	<hr/>
EXPENDITURES:		
Salaries and employee benefits	57,440	
Library materials	15,144	
Operational	24,176	
Miscellaneous	4,775	
Capital outlay	-	
Depreciation		
Debt service-principal		45,000
Debt service-interest		10,850
	<hr/>	<hr/>
TOTAL EXPENDITURES	101,535	55,850
	<hr/>	<hr/>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	13,044	221
FUND BALANCE/NET ASSETS - JULY 1	72,295	8,970
	<hr/>	<hr/>
FUND BALANCE/NET ASSETS - JUNE 30	<u>\$ 85,339</u>	<u>\$ 9,191</u>

The accompanying notes are an integral part of the financial statements.

<u>Total - Modified- Accrual Basis</u>	<u>GASB No. 34 Adjustments (Note 3)</u>	<u>Library as a Whole Statement of Net Assets- Full-Accrual Basis</u>
\$ 6,112		\$ 6,112
5,899		5,899
48,723		48,723
102,854		102,854
7,062		7,062
<u>170,650</u>	<u>-</u>	<u>170,650</u>
57,440		57,440
15,144		15,144
24,176		24,176
4,775		4,775
-	\$ (14,514)	(14,514)
-	32,721	32,721
45,000	(45,000)	-
10,850	(255)	10,595
<u>157,385</u>	<u>(27,048)</u>	<u>130,337</u>
13,265	27,048	40,313
<u>81,265</u>	<u>398,442</u>	<u>479,707</u>
<u>\$ 94,530</u>	<u>\$ 425,490</u>	<u>\$ 520,020</u>

MAYVILLE DISTRICT PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended June 30, 2007

NOTE 1 - DESCRIPTION OF DISTRICT LIBRARY OPERATIONS:

The Mayville District Public Library was formed by the local governmental agencies of the Village of Mayville, Fremont Township, Dayton Township and Rich Township. The District Library district is comprised of all the territory in the Township's of Fremont and Dayton and the Village of Mayville, and part of the Township of Rich.

The District Library will be governed by an eight-member board comprised of two members from each of the three townships and the Village of Mayville.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING:

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. There is no component unit to be included in the Library's financial report.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION:

The Library's basic financial statements include both the Library as a Whole and its individual fund financial statements.

Library as a Whole Financial Statements

The Library as a Whole financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities includes depreciation on long-term assets and eliminates capital outlay expense.

As a general rule, the effect of interfund activity has been eliminated from the library-wide financial statements.

MAYVILLE DISTRICT PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

Fund Financial Statements

The Library's individual fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting, which is described below.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following governmental funds as major funds:

General Fund - The General Fund is the Library's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund was established to make principal and interest payments on the Library's debt.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY:

Cash and Investments – The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Investments are recorded at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

Property Taxes – Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. The 2006 taxable valuation of the Library totaled approximately \$121,786,776, on which ad valorem taxes levied consisted of .8468 mills for the Library's operating purposes and for debt retirement.

Capital Assets – Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture, equipment, library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	7 - 50 years
Furniture and equipment	5 – 20 years
Library books and videos	5 years

MAYVILLE DISTRICT PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE 3 – RECONCILIATION OF THE LIBRARY AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS:

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a Whole reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the statement of the individual governmental funds' balance sheet and statement of revenue, expenditures and change in fund balance. The following is a reconciliation of fund balances to net assets and the net change in fund balances to the net change in net assets:

Total Fund Balance – Modified-accrual Basis	\$ 94,530
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	692,035
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(265,000)
Interest payments on long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(1,545)</u>
Total Net Assets – Full-accrual Basis	<u>\$520,020</u>

MAYVILLE DISTRICT PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended June 30, 2007

NOTE 3 – RECONCILIATION OF THE LIBRARY AS A WHOLE AND THE GOVERNMENTAL FUNDS FINANCIAL STATEMENTS, (Continued):

Net Change in Fund Balances – Modified-accrual Basis	\$13,265
Amounts reported in the statement of net activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:	
Library books and videos	14,514
Depreciation expense	(32,721)
Bond payments are reported as an expense in the fund statements, but not in the statement of net activities (where it decreases long-term debt)	
	45,000
Decrease in accrued interest reported as an expenditure in the statement of activities, but not in the fund statements	
	<u>255</u>
Change in Net Assets – Full-accrual Basis	<u>\$40,313</u>

NOTE 4 – BUDGET INFORMATION:

The annual budget is prepared and adopted by the Library Board and subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year-end. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on a line-item basis. Any violations are disclosed in the required supplementary information.

NOTE 5 - CASH AND EQUIVALENTS - CREDIT RISK:

Deposits

At year-end, the carrying amount of the Library's deposits was \$94,165 of which \$16,460 is invested in certificates of deposits. The bank balance was \$97,682 all of which was covered by federal depository insurance. The Library places its deposits with high quality financial institutions.

Investments

The Library has no investments.

	Primary
	Government
Cash	<u>\$94,165</u>

MAYVILLE DISTRICT PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended June 30, 2007

NOTE 6 – CAPITAL ASSETS:

Capital asset activity of the Library was as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2007</u>
Capital assets being depreciated				
Buildings and improvements	\$764,264			\$764,264
Library books and videos	66,788	\$13,714		80,502
Furniture and fixtures	66,421	571		66,992
Office equipment	25,129	229		25,358
Total capital assets, being depreciated	922,602	14,514		937,116
Less accumulated depreciation for:				
Buildings and improvements	107,328	15,285		122,613
Library books and videos	44,890	10,842		55,732
Furniture and fixtures	38,503	5,131		43,634
Office equipment	21,639	1,463		23,102
Total accumulated depreciation	212,360	32,721		245,081
Total net capital assets	<u>\$710,242</u>	<u>\$(18,207)</u>	<u>\$0</u>	<u>\$692,035</u>

Depreciation for the fiscal year ended June 30, 2007 amounted to \$32,721. The Library determined that it was impractical to allocate depreciation to the various library activities as the assets serve multiple functions.

NOTE 7 – LONG-TERM DEBT:

Outstanding Debt

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2004 Library Facility Bonds	3.5 %	<u>\$310,000</u>	<u>\$0</u>	<u>(\$45,000)</u>	<u>\$265,000</u>

Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2007 are as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 50,000	\$ 9,275	\$ 59,275
2009	50,000	7,526	57,526
2010	55,000	5,775	60,775
2011	55,000	3,850	58,850
2012	<u>55,000</u>	<u>1,925</u>	<u>56,925</u>
Total	<u>\$265,000</u>	<u>\$28,351</u>	<u>\$293,351</u>

MAYVILLE DISTRICT PUBLIC LIBRARY
Notes To The Financial Statements
For The Year Ended June 30, 2007

NOTE 8 - RISK MANAGEMENT:

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above-described activities. No settlements have incurred in excess of coverage in 2007 or any of the prior three years.

NOTE 9 – PENSION PLAN:

The Library has no pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

MAYVILLE DISTRICT PUBLIC LIBRARY
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2007

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local & State Grants	\$ 6,750	\$ 7,005	\$ 6,112	\$ (893)
Services	5,600	5,600	5,899	299
Fines	37,900	37,900	48,723	10,823
Property Taxes	43,150	46,150	47,004	854
Miscellaneous	3,940	3,940	6,841	2,901
TOTAL REVENUES	<u>97,340</u>	<u>100,595</u>	<u>114,579</u>	<u>13,984</u>
EXPENDITURES:				
Salaries and employee benefits	56,767	56,767	57,440	(673)
Library materials	11,673	15,153	15,144	9
Operational	27,290	27,065	24,176	2,889
Miscellaneous	1,610	1,610	4,775	(3,165)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>97,340</u>	<u>100,595</u>	<u>101,535</u>	<u>(940)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>13,044</u>	<u>13,044</u>
FUND BALANCE - JULY 1	<u>72,295</u>	<u>72,295</u>	<u>72,295</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 72,295</u>	<u>\$ 72,295</u>	<u>\$ 85,339</u>	<u>\$ 13,044</u>

The accompanying notes are an integral part of the financial statements.

ADDITIONAL INFORMATION

MAYVILLE DISTRICT PUBLIC LIBRARY
Schedule of Revenues - General Fund
Year Ended June 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Grants:			
State grants	\$ 4,750	\$ 4,429	\$ (321)
Local grants	2,255	1,683	(572)
Total Grants	<u>7,005</u>	<u>6,112</u>	<u>(893)</u>
Services	<u>5,600</u>	<u>5,899</u>	<u>299</u>
Fines:			
Library fines	1,900	2,603	703
Penal fines	36,000	46,120	10,120
Total Fines	<u>37,900</u>	<u>48,723</u>	<u>10,823</u>
Property Taxes	<u>46,150</u>	<u>47,004</u>	<u>854</u>
Miscellaneous:			
Book Sales	1,900	1,541	(359)
Interest	280	1,031	751
Friends of the Library	-	844	844
Contributions	1,760	3,425	1,665
Total Miscellaneous	<u>3,940</u>	<u>6,841</u>	<u>2,901</u>
TOTAL REVENUES	<u>\$ 100,595</u>	<u>\$ 114,579</u>	<u>\$ 13,984</u>

The accompanying notes are an integral part of the financial statements.

MAYVILLE DISTRICT PUBLIC LIBRARY
Schedule of Expenditures - General Fund
Year Ended June 30, 2007

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
EXPENDITURES:			
Salaries & Employee Benefits:			
Salaries	\$ 52,767	\$ 53,358	\$ (591)
F.I.C.A.	4,000	4,082	(82)
Total Salaries & Employee Benefits	56,767	57,440	(673)
Library Materials:			
Books, magazines & videos	14,673	14,673	-
Printing	480	471	9
Total Library Materials	15,153	15,144	9
Operational:			
Communications	2,000	1,686	314
Computer expense	3,070	2,781	289
Seminars & transportation	1,250	662	588
Insurance and bonds	1,800	2,268	(468)
Utilities	7,700	7,600	100
Repairs & maintenance	2,000	1,451	549
Office supplies & postage	4,200	2,619	1,581
Professional fees	1,580	1,545	35
Summer reading program	855	855	-
Dues	2,610	2,709	(99)
Total Operational	27,065	24,176	2,889
Miscellaneous:			
Friends of the Library		1,563	(1,563)
Other miscellaneous	1,610	3,212	(1,602)
Total Miscellaneous	1,610	4,775	(3,165)
Capital Outlay			-
TOTAL EXPENDITURES	\$ 100,595	\$ 101,535	\$ (940)

The accompanying notes are an integral part of the financial statements.



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

**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**

August 30, 2007

Board of Education
Mayville District Public Library

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mayville District Public Library as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements of the Library's primary government and have issued our report thereon dated August 30, 2007. Our opinion is for the primary government only and not for the primary reporting entity. 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*, issued by the Controller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mayville District Public 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 Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies that we considered to be material weaknesses.

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 in the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control over financial reporting. We consider the deficiencies described as 2007-1 in the accompanying schedule of findings and responses to be significant in internal control over financial reporting.

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

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 considered to be material weaknesses. However, we believe the significant deficiencies described above as 2007-1 are material weaknesses.

Members of the Board
Mayville District Public Library
August 30, 2007

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mayville District Public Library 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*.

Mayville District Public Library responses to the findings identified in our audit are described in the accompanying schedule of findings and response. We did not audit Mayville District Public Library's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the library board and management and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Schedule of Findings and Responses

Finding 2007-1

Criteria:

Effective for the year ended June 30, 2007, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

Condition:

After considering the qualifications of the accounting personnel of Mayville District Public Library, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Library, but they do not have the qualifications and abilities to generate financial statements, including required footnotes, in accordance with accounting principles generally accepted in the United States of America.

Cause:

The staff of the Library does understand all information included in the annual financial statements; however, we assist in preparing the financial statements and related footnotes.

Effect:

We assist management with the external financial reporting responsibility to ensure their financial statements are accurate.

Recommendation:

We do not recommend any changes to this situation at this time and communicate this as required by professional standards. We believe this meets the definition of a material weakness as defined in Statement on Auditing Standards #112.

Client Response:

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

August 30, 2007

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

To the Board of Mayville District Library:

In planning and performing our audit of the financial statements of Mayville District Library as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Mayville District Library's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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 a 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. We believe that the following deficiencies constitute material weaknesses:

Finding 2007-1

After considering the qualifications of the accounting personnel of Mayville District Library, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Library, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

This communication is intended solely for the information and use of management, Mayville District Library, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants