



Mary Taylor, CPA
Auditor of State

ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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Mary Taylor, CPA

Auditor of State

Ada Public School District Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

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 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. 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.

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Mary Taylor, CPA
Auditor of State

April 15, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ada Public School District Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of the Ada Public School District Library, Hardin County, (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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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 or cash flows, where applicable 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 Ada Public School District Library, Hardin County, as of December 31, 2007 and 2006, 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 April 15, 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.



Mary Taylor, CPA
Auditor of State

April 15, 2008

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

	All Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	Private Purpose Trust Funds	
Cash Receipts:						
Library and Local Government Support	\$292,627					\$292,627
Patron Fines and Fees	5,823	\$51				5,874
Contributions, Gifts and Donations	2,333	8,599				10,932
Earnings on Investments	7,504	22,310	\$43,711	\$6,596	\$72	80,193
Miscellaneous		6				6
Total Cash Receipts	<u>308,287</u>	<u>30,966</u>	<u>43,711</u>	<u>6,596</u>	<u>72</u>	<u>389,632</u>
Cash Disbursements:						
Current:						
Salaries	151,392					151,392
Employee Fringe Benefits	46,880					46,880
Purchased and Contractual Services	47,241					47,241
Library Materials and Information	30,257	3,456				33,713
Supplies	5,837	955			30	6,822
Other	1,496					1,496
Capital Outlay	11,184		156,279			167,463
Total Cash Disbursements	<u>294,287</u>	<u>4,411</u>	<u>156,279</u>		<u>30</u>	<u>455,007</u>
Total Receipts Over/(Under) Disbursements	<u>14,000</u>	<u>26,555</u>	<u>(112,568)</u>	<u>6,596</u>	<u>42</u>	<u>(65,375)</u>
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	75					75
Transfers-In			30,000			30,000
Transfers-Out	(30,000)					(30,000)
Total Other Financing Receipts / (Disbursements)	<u>(29,925)</u>		<u>30,000</u>			<u>75</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,925)	26,555	(82,568)	6,596	42	(65,300)
Fund Cash Balances, January 1	<u>119,873</u>	<u>456,835</u>	<u>935,507</u>	<u>128,276</u>	<u>1,397</u>	<u>1,641,888</u>
Fund Cash Balances, December 31	<u>\$103,948</u>	<u>\$483,390</u>	<u>\$852,939</u>	<u>\$134,872</u>	<u>\$1,439</u>	<u>\$1,576,588</u>
Reserve for Encumbrances, December 31	<u>\$2,661</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,661</u>

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

	<u>All Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:						
Library and Local Government Support	\$292,627					\$292,627
Patron Fines and Fees	4,751	\$21				4,772
Contributions, Gifts and Donations	2,363	12,148				14,511
Earnings on Investments	7,544	18,237	\$36,931	\$5,959	\$63	68,734
Miscellaneous		24				24
Total Cash Receipts	<u>307,285</u>	<u>30,430</u>	<u>36,931</u>	<u>5,959</u>	<u>63</u>	<u>380,668</u>
Cash Disbursements:						
Current:						
Salaries	143,898					143,898
Employee Fringe Benefits	44,112					44,112
Purchased and Contractual Services	44,228					44,228
Library Materials and Information	34,268	3,117				37,385
Supplies	4,563	1,226			93	5,882
Other	1,802					1,802
Capital Outlay	3,599		46,463			50,062
Total Cash Disbursements	<u>276,470</u>	<u>4,343</u>	<u>46,463</u>	<u></u>	<u>93</u>	<u>327,369</u>
Total Receipts Over/(Under) Disbursements	<u>30,815</u>	<u>26,087</u>	<u>(9,532)</u>	<u>5,959</u>	<u>(30)</u>	<u>53,299</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		27,500	30,000			57,500
Transfers-Out	(57,500)					(57,500)
Total Other Financing Receipts / (Disbursements)	<u>(57,500)</u>	<u>27,500</u>	<u>30,000</u>	<u></u>	<u></u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(26,685)</u>	<u>53,587</u>	<u>20,468</u>	<u>5,959</u>	<u>(30)</u>	<u>53,299</u>
Fund Cash Balances, January 1	<u>146,558</u>	<u>403,248</u>	<u>915,039</u>	<u>122,317</u>	<u>1,427</u>	<u>1,588,589</u>
Fund Cash Balances, December 31	<u>\$119,873</u>	<u>\$456,835</u>	<u>\$935,507</u>	<u>\$128,276</u>	<u>\$1,397</u>	<u>\$1,641,888</u>
Reserve for Encumbrances, December 31	<u>\$5,120</u>	<u>\$168</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,288</u>

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 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 Ada Public School District Library, Hardin County, (the Library) as a body corporate and politic. The Ada Exempted Village School District's Board appoints a seven member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the Ada Public Library, Inc. is a not-for-profit organization with a self appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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 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 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 investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit and common stock at cost or fair value when donated. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A.S. Stambaugh Trust Fund—This fund received donations and interest income for the purchase of books, reference materials, and supplies.

A.S. Stambaugh Youth Fund—This fund received interest income for the purchase of materials and supplies.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Permanent Improvement Fund— This fund received General Fund transfers and interest income to be used for major building improvements.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant permanent fund:

Henning Memorial Trust Fund — This fund received donations for the maintenance of the Library.

5. Private-Purpose Trust Funds

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

The Library's private purpose trust fund, the A.S. Stambaugh Grave Fund, is for the care and maintenance of the Avanell C. Stambaugh cemetery plot.

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 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.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

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:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$238,818	\$675,007
Certificates of deposit	827,691	472,784
Total deposits	<u>1,066,509</u>	<u>1,147,791</u>
STAR Ohio	424,224	408,242
Common stock	85,855	85,855
Total investments	<u>510,079</u>	<u>494,097</u>
Total deposits and investments	<u><u>\$1,576,588</u></u>	<u><u>\$1,641,888</u></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 that exist in physical or book-entry form.

<u>Stock</u>	<u>Donated Value</u>	<u>Market Value 12/31/07</u>	<u>Market Value 12/31/06</u>
CMS Energy Corporation (2,297 shares)	\$1,440	\$1,216	\$1,166
Liberty National Bank (63 shares)	84,415	91,880	98,771

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$326,866	\$308,362	(\$18,504)
Special Revenue	23,635	30,966	7,331
Capital Projects	56,025	73,711	17,686
Permanent	4,000	6,596	2,596
Private Purpose Trust	50	72	22
Total	<u><u>\$410,576</u></u>	<u><u>\$419,707</u></u>	<u><u>\$9,131</u></u>

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$446,739	\$326,948	\$119,791
Special Revenue	237,126	4,411	232,715
Capital Projects	991,531	156,279	835,252
Permanent	73,701	0	73,701
Private Purpose Trust	1,447	30	1,417
Total	<u><u>\$1,750,544</u></u>	<u><u>\$487,668</u></u>	<u><u>\$1,262,876</u></u>

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$302,862	\$307,285	\$4,423
Special Revenue	44,825	57,930	13,105
Capital Projects	45,825	66,931	21,106
Permanent	3,400	5,959	2,559
Private Purpose Trust	50	63	13
Total	<u>\$396,962</u>	<u>\$438,168</u>	<u>\$41,206</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$428,827	\$339,090	\$89,737
Special Revenue	204,064	4,511	199,553
Capital Projects	928,826	46,463	882,363
Permanent	66,755	0	66,755
Private Purpose Trust	1,398	93	1,305
Total	<u>\$1,629,870</u>	<u>\$390,157</u>	<u>\$1,239,713</u>

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. RETIREMENT SYSTEMS

The Library's 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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.
- Public employees dishonesty

The Library also provides group health plan coverage to all employees whose normal work week consists of 25 hours or more.

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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*

Ada Public School District Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

To the Board of Trustees:

We have audited the financial statements of the Ada Public School District Library, Hardin County, (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 15, 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 also noted the Government uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 15, 2008



Mary Taylor, CPA
Auditor of State

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN 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
MAY 27, 2008**