



Mary Taylor, CPA  
Auditor of State



**FOREST-JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

Forest-Jackson Public Library  
Hardin County  
102 W. Lima Street  
Forest, OH 45843

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

July 7, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Forest-Jackson Public Library  
Hardin County  
102 W. Lima Street  
Forest, OH 45843

To the Board of the Trustees:

We have audited the accompanying financial statements of the Forest-Jackson Public 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 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 Forest-Jackson Public 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 July 7, 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

July 7, 2008



**FOREST - JACKSON PUBLIC 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**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$110,045		\$110,045
Intergovernmental	156		156
Patron Fines and Fees	2,750		2,750
Contributions, Gifts and Donations	4,498	\$6,359	10,857
Earnings on Investments	1,985		1,985
Miscellaneous	816		816
Total Cash Receipts	<u>120,250</u>	<u>6,359</u>	<u>126,609</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Salaries	48,000		48,000
Employee Fringe Benefits	12,121		12,121
Purchased and Contractual Services	24,088		24,088
Library Materials and Information	24,543		24,543
Supplies	4,397		4,397
Other	1,056		1,056
Capital Outlay	2,797	8,801	11,598
Total Cash Disbursements	<u>117,002</u>	<u>8,801</u>	<u>125,803</u>
Total Receipts Over/(Under) Disbursements	<u>3,248</u>	<u>(2,442)</u>	<u>806</u>
Fund Cash Balances, January 1	<u>33,448</u>	<u>7,475</u>	<u>40,923</u>
Fund Cash Balances, December 31	<u>\$36,696</u>	<u>\$5,033</u>	<u>\$41,729</u>
Reserve for Encumbrances, December 31	<u>\$885</u>	<u>\$0</u>	<u>\$885</u>

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

**FOREST - JACKSON PUBLIC 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, 2006**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$101,382		\$101,382
Intergovernmental	156		156
Patron Fines and Fees	2,583		2,583
Contributions, Gifts and Donations	1,345	\$8,657	10,002
Earnings on Investments	1,760		1,760
Miscellaneous	340		340
Total Cash Receipts	<u>107,566</u>	<u>8,657</u>	<u>116,223</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	43,961		43,961
Employee Fringe Benefits	10,843		10,843
Purchased and Contractual Services	23,665		23,665
Library Materials and Information	19,733		19,733
Supplies	3,889		3,889
Other	1,745		1,745
Capital Outlay	1,874	3,791	5,665
Total Cash Disbursements	<u>105,710</u>	<u>3,791</u>	<u>109,501</u>
Total Receipts Over Disbursements	<u>1,856</u>	<u>4,866</u>	<u>6,722</u>
Fund Cash Balances, January 1	<u>31,592</u>	<u>2,609</u>	<u>34,201</u>
Fund Cash Balances, December 31	<u>\$33,448</u>	<u>\$7,475</u>	<u>\$40,923</u>
Reserve for Encumbrances, December 31	<u>\$800</u>	<u>\$0</u>	<u>\$800</u>

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

**FOREST-JACKSON PUBLIC 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 Forest Jackson Public Library, Hardin County, (the Library) as a body corporate and politic. Riverdale Local School District Board of Education appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**B. 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. Accordingly, the Library does not record investment purchases as disbursements or investments sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The investment in STAR Ohio is recorded at the share value reported by the fund.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Capital Project Funds**

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

**Building and Repair Fund** - This fund received revenue that is restricted for the acquisition or construction of capital projects.

**FOREST-JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

Acquisitions of property, plant, and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**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:

	<b>2007</b>	<b>2006</b>
Demand deposits	\$31,038	\$30,756
STAR Ohio	10,671	10,147
Total deposits and investments	41,709	40,903
Petty Cash	20	20
Total deposits, investments, and cash	\$41,729	\$40,923

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

<b>2007 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$126,263	\$120,250	(\$6,013)
Capital Projects	4,000	6,359	2,359
Total	\$130,263	\$126,609	(\$3,654)

<b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$156,400	\$117,887	\$38,513
Capital Projects	10,000	8,801	1,199
Total	\$166,400	\$126,688	\$39,712

**FOREST-JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

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

**3. BUDGETARY ACTIVITY (CONTINUED)**

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$105,774	\$107,566	\$1,792
Capital Projects	5,000	8,657	3,657
Total	\$110,774	\$116,223	\$5,449

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$137,283	\$106,510	\$30,773
Capital Projects	4,000	3,791	209
Total	\$141,283	\$110,301	\$30,982

**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.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

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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*

Forest-Jackson Public Library  
Hardin County  
102 W. Lima Street  
Forest, OH 45843

To the Board of Trustees:

We have audited the financial statements of the Forest-Jackson Public Library, Hardin County (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 7, 2008, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library 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. 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 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 audit committee, 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

July 7, 2008





**Mary Taylor, CPA**  
Auditor of State

**FOREST-JACKSON PUBLIC 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  
AUGUST 5, 2008**