



Mary Taylor, CPA
Auditor of State

HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA COUNTY

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Mary Taylor, CPA
Auditor of State

Harris-Elmore Public Library
Ottawa County
328 Toledo Street, P.O. Box 45
Elmore, Ohio 43416-0045

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.

Mary Taylor

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June 22, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harris-Elmore Public Library
Ottawa County
328 Toledo Street, P.O. Box 45
Elmore, Ohio 43416-0045

To the Board of Trustees:

We have audited the accompanying financial statements of the Harris-Elmore Public Library, Ottawa County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Harris-Elmore Public Library, Ottawa County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

June 22, 2009

**HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$466,815			\$466,815
Patron Fines and Fees	17,660			17,660
Contributions, Gifts and Donations		\$5,074		5,074
Earnings on Investments	8,548	211		8,759
Total Cash Receipts	<u>493,023</u>	<u>5,285</u>		<u>498,308</u>
Cash Disbursements:				
Current:				
Salaries	286,201			286,201
Employee Fringe Benefits	61,027			61,027
Purchased and Contractual Services	78,274	450	\$4,744	83,468
Library Materials and Information	62,935	1,279		64,214
Supplies	16,807	3,222		20,029
Other	16,689			16,689
Capital Outlay	3,063			3,063
Total Cash Disbursements	<u>524,996</u>	<u>4,951</u>	<u>4,744</u>	<u>534,691</u>
Total Receipts Over/(Under) Disbursements	<u>(31,973)</u>	<u>334</u>	<u>(4,744)</u>	<u>(36,383)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	30,000			30,000
Transfers-Out			(30,000)	(30,000)
Total Other Financing Receipts / (Disbursements)	<u>30,000</u>		<u>(30,000)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,973)	334	(34,744)	(36,383)
Fund Cash Balances, January 1	113,403	55,677	136,463	305,543
Fund Cash Balances, December 31	<u><u>\$111,430</u></u>	<u><u>\$56,011</u></u>	<u><u>\$101,719</u></u>	<u><u>\$269,160</u></u>

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

**HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA COUNTY**

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

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$465,483			\$465,483
Patron Fines and Fees	13,040			13,040
Contributions, Gifts and Donations		\$4,071		4,071
Earnings on Investments	12,790	811		13,601
Total Cash Receipts	<u>491,313</u>	<u>4,882</u>		<u>496,195</u>
Cash Disbursements:				
Current:				
Salaries	289,670			289,670
Employee Fringe Benefits	61,480			61,480
Purchased and Contractual Services	69,834	1,150		70,984
Library Materials and Information	62,520	891		63,411
Supplies	17,711	2,499		20,210
Other	14,882			14,882
Capital Outlay	2,872			2,872
Total Cash Disbursements	<u>518,969</u>	<u>4,540</u>		<u>523,509</u>
Total Receipts Over/(Under) Disbursements	<u>(27,656)</u>	<u>342</u>		<u>(27,314)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	30,000			30,000
Transfers-Out			(\$30,000)	(30,000)
Total Other Financing Receipts / (Disbursements)	<u>30,000</u>		<u>(30,000)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,344	342	(30,000)	(27,314)
Fund Cash Balances, January 1	<u>111,059</u>	<u>55,335</u>	<u>166,463</u>	<u>332,857</u>
Fund Cash Balances, December 31	<u>\$113,403</u>	<u>\$55,677</u>	<u>\$136,463</u>	<u>\$305,543</u>

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

**HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Harris-Elmore Public Library, Ottawa County, Ohio (the Library), as a body corporate and politic. The Woodmore Board of Education appoints 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. Deposits 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 at cost. 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 capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

Memorial Fund – This fund receives contributions, gifts, and donations to purchase library materials and equipment.

Building Addition Gift Fund – This fund receives contributions, gifts, and donations to furnish the Genoa branch addition.

**HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA, COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

Building Fund – The proceeds of this fund are used for major equipment purchases and the construction, maintenance and repair of Library buildings.

E. Budgetary Process

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$118,530	\$155,503
Certificates of deposit	100,000	150,000
Cash on Hand	40	40
Total deposits	218,570	305,543
STAR Ohio	50,590	
Total deposits and investments	\$269,160	\$305,543

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA, COUNTY**

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$498,101	\$523,023	\$24,922
Special Revenue	5,305	5,285	(20)
Capital Projects	21,500		(21,500)
Total	\$524,906	\$528,308	\$3,402

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$611,505	\$524,996	\$86,509
Special Revenue	19,000	4,951	14,049
Capital Projects	45,000	34,744	10,256
Total	\$675,505	\$564,691	\$110,814

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$493,942	\$521,313	\$27,371
Special Revenue	5,180	4,882	(298)
Capital Projects	26,000		(26,000)
Total	\$525,122	\$526,195	\$1,073

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$605,001	\$518,969	\$86,032
Special Revenue	18,000	4,540	13,460
Capital Projects	45,000	30,000	15,000
Total	\$668,001	\$553,509	\$114,492

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**HARRIS-ELMORE PUBLIC LIBRARY
OTTAWA, COUNTY**

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

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

As of January 2008, Ohio's public libraries are funded through 2.22% of the state's total general tax revenue. The new funding source broadens the base of library funding to all General Revenue tax revenues, not just personal income tax. In addition S.B. 185 changed the name of the Library and Local Government Support Fund (LLGSF) to the Public Library Fund (PLF) effective June 20, 2008.

5. RETIREMENT SYSTEM

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 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Employers liability;
- Vehicles;
- Inland Marine;
- Umbrella Coverage; and
- Errors and omissions.



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*

Harris-Elmore Public Library
Ottawa County
328 Toledo Street P.O. Box 45
Elmore, Ohio 43416-0045

To the Board of Trustees:

We have audited the financial statements of the Harris-Elmore Public Library, Ottawa County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 22, 2009, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not 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.

We noted certain matters that we reported to the Library's management in a separate letter dated June 22, 2009.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 22, 2009



Mary Taylor, CPA
Auditor of State

HARRIS-ELMORE PUBLIC LIBRARY

OTTAWA 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
JULY 21, 2009**