



Mary Taylor, CPA
Auditor of State

**JACKSON CITY LIBRARY
JACKSON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson City Public Library
Jackson County
21 Broadway Street
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Jackson City Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified-cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified-cash financial position of the governmental activities and each major fund of the Jackson City Public Library, Jackson County, Ohio, as of December 31, 2007 and 2006, and the respective changes in modified-cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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 2, 2008

Jackson City Public Library, Jackson County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Jackson City Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Library's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

In 2007 net assets of governmental activities increased \$44,083, an increase of 7.4 percent. Both the General and Permanent Funds showed increases. In 2006 net assets of governmental activities increased \$1,036 or .17 percent, a slight change from the prior year. The General Fund decreased \$7,841 but with the rise in interest rates, the interest earned in the Permanent Fund offset this decrease.

The Library's general receipts are primarily Library and Local Government Support Fund (LLGSF) receipts. These receipts represent respectively 89.4 and 90.0 percent of the total cash received for governmental activities during the years 2007 and 2006. LLGSF receipts are still frozen and there was no increase in these receipts.

Changes due to retirement in the director's position and a pay out of 30% of the director's accrued sick leave resulted in an increase in salaries in 2006. All other staff members had wages frozen in 2006. The Ohio Valley Area Libraries (OVAL) disbanded in 2006 and the Books by Mail program through OVAL that the Library helped to fund is no longer operational.

In 2007, further staff changes resulted in the hiring of part-time employees with no health benefits, decreasing staff and health insurance expenses.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the

Jackson City Public Library, Jackson County
Management's Discussion and Analysis
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Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

In the statement of net assets and the statement of activities, the Library has one type of activity:

Governmental activities. All of the Library's basic services are reported here, including library services, support services, and capital outlay. The Library and Local Government Support Fund finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all in the governmental category.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's major government funds are the General Fund and the Permanent Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Jackson City Public Library, Jackson County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
 Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 and 2006 compared to 2005 on a modified cash basis:

Table 1
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 507,576	\$ 489,998	\$ 484,896
Investments	132,055	105,550	109,615
Total Assets	\$ 639,631	\$ 595,548	\$ 594,511
Net Assets			
Restricted	\$ 200,000	\$ 200,000	\$ 200,000
Unrestricted	439,631	395,548	394,511
Total Net Assets	\$ 639,631	\$ 595,548	\$ 594,511

As mentioned previously, net assets of governmental activities increased \$44,083 or 7.4 percent during 2007 and slightly increased by .17 percent in 2006. The primary reasons contributing to the increases in cash balances are as follows:

- OVAL disbanded and the Books by Mail service was no longer funded in part by the Library.
- Retirement of the Director and other long term staff members resulted in the decrease in health insurance costs and wages.
- Higher interest rates resulting in more earnings from investments.

Jackson City Public Library, Jackson County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

(Table 2)
Changes in Net Assets

	2007	2006	2005
Program Receipts:			
Charges for Services and Sales	\$16,765	\$16,785	\$16,518
General Receipts:			
Library and Local Government Support	490,221	490,221	490,221
Sale of Capital Assets	1,591	1,480	1,944
Unrestricted Gifts and Donations	8,918	8,694	10,829
Interest	30,263	25,259	15,134
Miscellaneous	622	2083	207
	<u>531,615</u>	<u>527,737</u>	<u>518,335</u>
Total Receipts	548,380	544,522	534,853
Disbursements:			
Library Services	490,387	526,420	524,055
Capital Outlay	13,910	17,066	52,804
Total Disbursements	<u>504,297</u>	<u>543,486</u>	<u>576,859</u>
Increase (Decrease) in Net Assets	44,083	1,036	(42,006)
Net assets, January 1	<u>594,548</u>	<u>594,512</u>	<u>636,518</u>
Net assets, December 31	<u><u>\$638,631</u></u>	<u><u>\$595,548</u></u>	<u><u>\$594,512</u></u>

Program receipts represent only 3.1 percent of total receipts 2007 and 2006 and are primarily comprised of fines and late fees, fees charged for copier use, and office rent received.

General receipts represent 96.9 percent of the Library's total receipts, and of this amount, 92.2 percent for 2007 and 92.9 percent for 2006 are Library and Local Government Support Funds. Miscellaneous receipts, interest, unrestricted contributions and sale of capital assets make up 7.8 percent for 2007 and 7.1 percent for 2006 of the Library's general receipts. Rising interest rates contributed to this increase. Other receipts are insignificant and somewhat unpredictable revenue sources.

Jackson City Public Library, Jackson County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Library Services, which account for 97.2 and 96.9 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2007	Net Cost of Services 2007
Library Services	\$ 490,387	\$ 473,622
Capital Outlay	13,910	13,910
Total Expenses	\$ 504,297	\$ 487,532

	Total Cost Of Services 2006	Net Cost of Services 2006
Library Services	\$ 526,420	\$ 509,635
Capital Outlay	17,066	17,066
Total Expenses	\$ 543,486	\$ 526,701

The Library's Funds

In 2007, total governmental funds had receipts of \$548,380 and disbursements of \$504,297. Both the General and Permanent Funds increased with the greatest change in governmental funds occurring within the General Fund. Although Library and Local Government funding was still frozen, the fund balance of the General Fund increased \$32,355 as the result of the change in personnel, decreasing salaries and benefits. The Permanent Fund increased due to rising interest rates. In 2006 total governmental funds had receipts of \$544,522 and disbursements of \$543,486. The fund balance of the General Fund decreased \$7,841 as the result of the stagnancy of receipts from the Library and Local Government Support Fund and due to the pay out of the accrued sick leave due to the retirement of the Library's Director.

General Fund receipts were less than disbursements by \$7,841 indicating that the General Fund was in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Wages for all staff, except the Library's Director, were frozen in 2006 to help reduce this deficit.

Jackson City Public Library, Jackson County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
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General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Library amended its General Fund revenue budget once to reflect changing circumstances in the LLGSF. Final budgeted receipts were below original budgeted receipts due to the LLGSF funding freeze extended through December 2007. The difference between final budgeted receipts and actual receipts was not significant.

In 2007, final disbursements were budgeted at \$575,742 while actual disbursements were \$510,514. In 2006, final disbursements were budgeted at \$584,829 while actual disbursements were \$553,382. The Library kept spending within the budgeted amounts as demonstrated by the reported variances.

Capital Assets

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Library heavily depends on receipts from the Library and Local Government Support Fund. With the LLGSF being frozen at the 2005 level and the uncertainty of future funding, the Library will be faced with making changes over the next several years to contain costs and determine what other options are available to the Library to increase financial resources.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Gretchen Crabtree, Clerk-Treasurer, Jackson City Library, 21 Broadway Street, Jackson, Ohio 45640.

Jackson City Public Library, Jackson County
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 507,576
Investments	<u>132,055</u>
<i>Total Assets</i>	<u><u>\$ 639,631</u></u>
 Net Assets	
Restricted for:	
Permanent Fund - Baker/Matthews Endowment	
Nonexpendable	\$ 200,000
Unrestricted	<u>439,631</u>
<i>Total Net Assets</i>	<u><u>\$ 639,631</u></u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$ 490,387	\$ 16,765	\$ (473,622)
Capital Outlay	13,910		(13,910)
<i>Total Governmental Activities</i>	<u>\$ 504,297</u>	<u>\$ 16,765</u>	<u>(487,532)</u>
		General Receipts	
		Library and Local Government Support	490,221
		Earnings on Investments	30,263
		Sale of Capital Assets	1,591
		Unrestricted Gifts and Contributions	8,918
		Miscellaneous	622
		<i>Total General Receipts</i>	<u>531,615</u>
		Change in Net Assets	<u>44,083</u>
		<i>Net Assets Beginning of Year</i>	<u>595,548</u>
		<i>Net Assets End of Year</i>	<u>\$ 639,631</u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Permanent Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 272,577	\$ 234,999	\$ 507,576
Investments	132,055		132,055
<i>Total Assets</i>	<u>\$ 404,632</u>	<u>\$ 234,999</u>	<u>\$ 639,631</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 6,217	\$	\$ 6,217
Reserved for Endowment		200,000	200,000
Unreserved:			
Undesignated, Reported in:			
General Fund	398,415		398,415
Permanent Fund		34,999	34,999
<i>Total Fund Balances</i>	<u>\$ 404,632</u>	<u>\$ 234,999</u>	<u>\$ 639,631</u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County

Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2007

	General	Permanent Fund	Total Governmental Funds
Receipts			
Library and Local Government Support	\$ 490,221	\$	\$ 490,221
Patron Fines and Fees	14,365		14,365
Contributions, Gifts and Donations	8,918		8,918
Earnings on Investments	18,535	11,728	30,263
Miscellaneous	3,022		3,022
<i>Total Receipts</i>	<u>535,061</u>	<u>11,728</u>	<u>546,789</u>
Disbursements			
Library Services	490,387		490,387
Capital Outlay	13,910		13,910
<i>Total Disbursements</i>	<u>504,297</u>	<u>0</u>	<u>504,297</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>30,764</u>	<u>11,728</u>	<u>42,492</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	1,591		1,591
<i>Total Other Financing Sources (Uses)</i>	<u>1,591</u>	<u>0</u>	<u>1,591</u>
<i>Net Change in Fund Balances</i>	32,355	11,728	44,083
<i>Fund Balances Beginning of Year</i>	<u>372,277</u>	<u>223,271</u>	<u>595,548</u>
<i>Fund Balances End of Year</i>	<u>\$ 404,632</u>	<u>\$ 234,999</u>	<u>\$ 639,631</u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Library and Local Government Support	\$ 531,146	\$ 490,221	\$ 490,221	\$ 0
Patron Fines and Fees	12,200	12,200	14,365	2,165
Contributions, Gifts and Donations	5,550	5,550	8,918	3,368
Earnings on Investments	12,000	12,000	18,535	6,535
Miscellaneous	2,550	2,550	3,022	472
<i>Total Receipts</i>	<u>563,446</u>	<u>522,521</u>	<u>535,061</u>	<u>12,540</u>
Disbursements				
Library Services	538,342	543,742	496,604	47,138
Capital Outlay	17,400	18,300	13,910	4,390
<i>Total Disbursements</i>	<u>555,742</u>	<u>562,042</u>	<u>510,514</u>	<u>51,528</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,704</u>	<u>(39,521)</u>	<u>24,547</u>	<u>64,068</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,300	1,300	1,591	291
Other Financing Uses	(20,000)	(13,700)		13,700
<i>Total Other Financing Sources (Uses)</i>	<u>(18,700)</u>	<u>(12,400)</u>	<u>1,591</u>	<u>13,991</u>
<i>Net Change in Fund Balance</i>	(10,996)	(51,921)	26,138	78,059
<i>Fund Balance Beginning of Year</i>	362,381	362,381	362,381	0
Prior Year Encumbrances Appropriated	9,896	9,896	9,896	0
<i>Fund Balance End of Year</i>	<u>\$ 361,281</u>	<u>\$ 320,356</u>	<u>\$ 398,415</u>	<u>\$ 78,059</u>

See accompanying notes to the basic financial statements

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Jackson City Public Library, Jackson County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 489,998
Investments	<u>105,550</u>
<i>Total Assets</i>	<u><u>\$ 595,548</u></u>
Net Assets	
Restricted for:	
Permanent Fund - Baker/Matthews Endowment	
Nonexpendable	\$ 200,000
Unrestricted	<u>395,548</u>
<i>Total Net Assets</i>	<u><u>\$ 595,548</u></u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$ 526,420	\$ 16,785	\$ (509,635)
Capital Outlay	17,066		(17,066)
<i>Total Governmental Activities</i>	<u>\$ 543,486</u>	<u>\$ 16,785</u>	<u>(526,701)</u>
		General Receipts	
		Library and Local Government Support	490,221
		Earnings on Investments	25,259
		Sale of Capital Assets	1,480
		Unrestricted Gifts and Contributions	8,694
		Miscellaneous	2,083
		<i>Total General Receipts</i>	<u>527,737</u>
		Change in Net Assets	<u>1,036</u>
		<i>Net Assets Beginning of Year</i>	<u>594,512</u>
		<i>Net Assets End of Year</i>	<u>\$ 595,548</u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Permanent Fund	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 266,727	\$ 223,271	\$ 489,998
Investments	105,550		105,550
<i>Total Assets</i>	<u>\$ 372,277</u>	<u>\$ 223,271</u>	<u>\$ 595,548</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 9,896	\$	\$ 9,896
Reserved for Endowment		200,000	200,000
Unreserved:			
Undesignated, Reported in:			
General Fund	362,381		362,381
Permanent Fund		23,271	23,271
<i>Total Fund Balances</i>	<u>\$ 372,277</u>	<u>\$ 223,271</u>	<u>\$ 595,548</u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County

Statement of Cash Receipts, Cash Disbursements and Changes in Modified Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2006

	General	Permanent Fund	Total Governmental Funds
Receipts			
Library and Local Government Support	\$ 490,221	\$	\$ 490,221
Patron Fines and Fees	14,385		14,385
Contributions, Gifts and Donations	8,694		8,694
Earnings on Investments	16,382	8,877	25,259
Miscellaneous	4,483		4,483
<i>Total Receipts</i>	<u>534,165</u>	<u>8,877</u>	<u>543,042</u>
Disbursements			
Library Services	526,420		526,420
Capital Outlay	17,066		17,066
<i>Total Disbursements</i>	<u>543,486</u>	<u>0</u>	<u>543,486</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,321)</u>	<u>8,877</u>	<u>(444)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	1,480		1,480
<i>Total Other Financing Sources (Uses)</i>	<u>1,480</u>	<u>0</u>	<u>1,480</u>
<i>Net Change in Fund Balances</i>	(7,841)	8,877	1,036
<i>Fund Balances Beginning of Year</i>	<u>380,118</u>	<u>214,394</u>	<u>594,512</u>
<i>Fund Balances End of Year</i>	<u>\$ 372,277</u>	<u>\$ 223,271</u>	<u>\$ 595,548</u>

See accompanying notes to the basic financial statements

Jackson City Public Library, Jackson County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Library and Local Government Support	\$ 490,221	\$ 490,221	\$ 490,221	\$ 0
Patron Fines and Fees	11,025	11,025	14,385	3,360
Contributions, Gifts and Donations	5,400	5,400	8,694	3,294
Earnings on Investments	8,000	8,000	16,382	8,382
Miscellaneous	2,575	2,575	4,483	1,908
<i>Total Receipts</i>	<u>517,221</u>	<u>517,221</u>	<u>534,165</u>	<u>16,944</u>
Disbursements				
Library Services	556,812	566,462	536,316	30,146
Capital Outlay	8,017	18,017	17,066	951
<i>Total Disbursements</i>	<u>564,829</u>	<u>584,479</u>	<u>553,382</u>	<u>31,097</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(47,608)</u>	<u>(67,258)</u>	<u>(19,217)</u>	<u>48,041</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,800	1,800	1,480	(320)
Other Financing Uses	(20,000)	(350)		350
<i>Total Other Financing Sources (Uses)</i>	<u>(18,200)</u>	<u>1,450</u>	<u>1,480</u>	<u>30</u>
<i>Net Change in Fund Balance</i>	(65,808)	(65,808)	(17,737)	48,071
<i>Fund Balance Beginning of Year</i>	369,086	369,086	369,086	0
Prior Year Encumbrances Appropriated	11,032	11,032	11,032	0
<i>Fund Balance End of Year</i>	<u>\$ 314,310</u>	<u>\$ 314,310</u>	<u>\$ 362,381</u>	<u>\$ 48,071</u>

See accompanying notes to the basic financial statements

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Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Description of the Library and Reporting Entity

The Jackson City Public Library (the Library) was organized as a city public library in 1904 under the laws of the State of Ohio. The Library has its own Board of Trustees of six members who are appointed by the Mayor of Jackson, Ohio. Appointments are for four-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. The Library provides the community with various educational and literary resources. Control and management of the Library is governed by Sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the City of Jackson, Ohio, although the City of Jackson serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the City of Jackson must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the City of Jackson.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the City of Jackson.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Library participated in Ohio Valley Area Libraries (OVAL), a jointly governed organization. OVAL disbanded in 2006 and has been incorporated into Southeast Regional Library System (SERLS). Notes 8 and 9 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Library have been prepared on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include all financial activities of the Library.

The statement of net assets-modified cash basis presents the modified cash basis financial condition of governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are those through which most government functions typically are financed. Governmental funds reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the Library's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Fund – This fund is set aside for the Edward Baker and Ida Jones Matthews Endowment. This original endowment (\$200,000) is non-expendable. Only the interest earned is expendable at the discretion of the Library Board of Trustees.

C. Basis of Accounting

The Library prepares its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved.) Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

1. Cash Receipts – Exchange and Non-Exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified cash basis when the exchange takes place. On a modified cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include entitlements and donations. On a modified cash basis, receipts from entitlements and donations are recognized in the year in which the monies have been received.

2. Cash Disbursements

On the modified cash basis of accounting, disbursements are recognized at the time payments are made.

D. Budgetary Process

The Library Board of Trustees 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 level of control.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively. The Library values certificates of deposit at cost. Money market mutual funds (including STAROhio) are recorded at share values the mutual fund reports.

During 2007 and 2006, investments were limited to Certificates of Deposit and STAROhio. Except for STAROhio these investments are recorded at cost.

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007 and December 31, 2006.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. The Edward Baker and Ida Jones Matthews Endowment classified as a permanent fund has a non-expendable total of \$200,000.

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

J. Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The Permanent Fund assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets totaling \$200,000 in the Permanent Fund are restricted and are non-expendable.

K. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and Permanent Fund endowment.

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 3 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18 and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At December 31, 2007 and 2006, the Library had \$80 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 \$189,436 of the Library's bank balance of \$516,464 and at December 31, 2006, \$175,460 of the Library's bank balance of \$496,490 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007 and 2006, the Library had the following investments:

	Carrying Value at Dec. 31, 2007	Carrying Value at Dec. 31, 2006	Maturity
STAROhio	\$ 132,055	\$ 105,550	Average

STAROhio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 4 – Budgetary Activity

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The encumbrances outstanding at 2007 year end (budgetary basis) amounted to \$6,217 for the General Fund. The encumbrances outstanding at 2006 year end amounted to \$9,896 for the General Fund.

Note 5 - Risk Management

The Library maintains comprehensive insurance coverage with private carriers for real property and building contents, as well as errors and omissions. Real property and contents are 100% insured. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library provides health insurance to full-time employees through a private carrier. The Library also provides life and dental insurance to full-time employees.

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans, were required to contribute 9.5 percent and 9 percent, respectively, of their annual covered salaries. Effective in 1998, the Library contributes 4% of the employees' gross salaries required contribution as a fringe benefit to employees. The Library's contribution rate for pension benefits for 2007 was 13.85 percent and for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$42,016, \$44,408 and \$34,599 respectively; 100 percent has been contributed for 2007, 2006, and 2005.

Note 7 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.7 percent, respectively, of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Jackson City Public Library, Jackson County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits were \$13,651 and 14,587, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 8 – Jointly Governed Organizations

The Ohio Valley Area Libraries (OVAL) disbanded in 2006 and became the Southeast Region Library System (SERLS) created and governed according to the provisions of Sections 3375.70 through 3375.73 of the Ohio Revised Code. Membership dues are paid to belong to this organization which is governed by its own set of by-laws. The Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on SERLS' Board.

Note 9 – Related Party Transactions

The Library pays an annual fee to the Southeast Region Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2007, the Library paid \$530 to SERLS for annual dues and fees for services provided and \$2,157 for dental insurance provided through SERLS. The Library paid \$1,384 to OVAL/SERLS for annual dues and fees for services provided and \$2,107 for dental insurance provided through OVAL/SERLS in 2006.



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*

Jackson City Public Library
Jackson County
21 Broadway Street
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of the Jackson City Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 2, 2008. 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 opinions 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 2, 2008



Mary Taylor, CPA
Auditor of State

JACKSON CITY PUBLIC LIBRARY

JACKSON 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
APRIL 22, 2008**