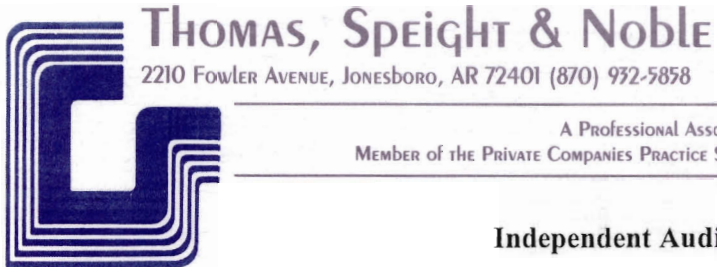


Craighead County Jonesboro Public Library

Table of Contents December 31, 2008

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Assets, Liabilities and Net Assets.....	2
Statements of Revenues, Expenditures and Changes in Net Assets.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5-8
Independent Auditors' Report on Internal Control Structure Related Matters Noted in a Financial Statement Audit Conducted In Accordance with <i>Government Auditing Standards</i> .	9
Independent Auditors' Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .	10



THOMAS, SPEIGHT & NOBLE

2210 FOWLER AVENUE, JONESBORO, AR 72401 (870) 932-5858

A PROFESSIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE PRIVATE COMPANIES PRACTICE SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Craighead County Jonesboro Public Library
Jonesboro, Arkansas

We have audited the accompanying financial statements of the Craighead County Jonesboro Public Library, as of December 31, 2008 and 2007 and for the years then ended. These financial statements are the responsibility of Craighead County Jonesboro Public Library management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1(A), these financial statements present only Craighead County Jonesboro Public Library and are not intended to present fairly the financial position of Craighead County, Arkansas, nor the City of Jonesboro, Arkansas, and the results of operations of its special revenue fund types in conformity with generally accepted accounting principles.

The Library has not presented the management discussion and analysis information that accounting principles generally accepted in the United States of America requires to supplement, although not to be part of, the basic financial statements.

In our opinion, except as noted above, the financial statements referred to above present fairly, in all material respects, the financial position of Craighead County Jonesboro Public Library, as of December 31, 2008 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2009, on our consideration of the Craighead County Jonesboro Public Library's internal control structure and a report dated August 11, 2009, on its compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
August 11, 2009

2210 FOWLER AVENUE
PO Box 17167
JONESBORO, AR 72403-6721
870-932-5858
FAX 870-932-2030

420 WEST WALNUT
PO Box 205
Blytheville, AR 72316
870-762-5831
FAX 870-762-5833

1400 WEST KEISER
PO Box 644
OSCEOLA, AR 72570
870-563-2638
FAX 870-563-3794

1704 Highway 67 North
PO Box 700
POCAHONTAS, AR 72455
870-892-2575
FAX 870-892-2576

Craighead County Jonesboro Public Library
Statements of Net Assets
December 31, 2008 & 2007

	2008	2007
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,444,850	\$ 2,463,582
Savings and temporary investments	193,872	244,946
Accrued revenue	178,551	20,680
Total unrestricted current assets	2,817,273	2,729,208
Restricted cash and investments	146,068	225,111
Total current assets	2,963,341	2,954,319
Capital assets:		
Depreciable capital assets:		
Buildings, furniture, & equipment	3,439,694	3,401,985
Less: accumulated depreciation	(3,165,275)	(3,091,042)
Total depreciable capital assets	274,419	310,943
Total capital assets (net of accumulated depreciation)	274,419	310,943
Total noncurrent assets	274,419	310,943
Total assets	3,237,760	3,265,262
Liabilities:		
Current liabilities:		
Accounts payable	68,358	35,692
Total current liabilities	68,358	35,692
Liabilities payable from restricted assets:		
Customer deposits	1,835	1,450
Current portion of long-term debt	-	-
Total payable from restricted assets	1,835	1,450
Long-term debt	-	-
Total liabilities	70,193	37,142
Net assets:		
Invested in capital assets, net of related debt	274,419	310,943
Restricted	146,068	225,111
Unrestricted	2,747,080	2,692,066
Total net assets	\$ 3,167,567	\$ 3,228,120

See accompanying notes to the financial statements.

Craighead County Jonesboro Public Library
Statements of Revenues, Expenses & Changes in Net Assets
For the Years Ended December 31, 2008 & 2007

	2008	2007
Operating revenue		
Property tax revenues	\$ 2,258,660	\$ 2,073,438
State aid	165,031	105,632
Memorials, gifts & endowments	4,080	4,474
City, Water & Light refund	19,795	18,665
Other revenue	83,537	49,809
Total operating revenue	2,531,103	2,252,018
Operating expenses		
Salaries	971,462	922,308
Books, tapes & software	531,781	438,127
Utilities	60,178	48,243
Maintenance - building & grounds	295,981	80,619
Employee benefits	188,404	199,289
Equipment repairs	47,173	14,138
Payroll taxes	81,831	74,088
Insurance	28,284	31,265
Auto and travel	10,380	3,188
Supplies	62,903	55,417
Postage	15,476	14,752
Staff development	13,051	16,292
Auditing & professional fees	5,210	4,825
Computer operations	125,729	139,465
Miscellaneous expense	1,187	4,975
Depreciation	74,233	83,913
Total operating expenses	2,513,263	2,130,904
Operating income (loss)	17,840	121,114
Nonoperating revenues (expenses)		
Interest income	93,411	138,449
Gains (losses) from investments	(171,804)	(6,655)
Nonoperating revenues (expenses)	(78,393)	131,794
Income before capital contributions	(60,553)	252,908
Capital contributions	-	-
Increase in net assets	(60,553)	252,908
Net assets		
Beginning of year	3,228,120	2,975,212
End of Year	\$ 3,167,567	\$ 3,228,120

See accompanying notes to the financial statements.

Craighead County Jonesboro Public Library
Statements of Cash Flows
For the Years Ended December 31, 2008 & 2007

	2008	2007
Cash flows from operating activities:		
Cash receipts from tax levies, grants, interest, and contributions	\$ 2,466,643	\$ 2,390,467
Cash payments to suppliers for goods and services	(2,405,979)	(2,018,799)
Net cash provided by (used in) operating activities	60,664	371,668
Cash flows from investing activities:		
Acquisition of furniture & equipment	(37,709)	(182,797)
Unrealized gain (loss) on investments	(171,804)	(6,655)
Decrease (increase) in restricted cash and investments	79,043	(7,146)
Decrease (increase) in restricted fund assets	51,074	(19,976)
Net cash provided by (used in) investing activities	(79,396)	(216,574)
Cash flows from financing activities:		
None	-	-
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash	(18,732)	155,094
Cash and cash equivalents - beginning of year	2,463,582	2,308,488
Cash and cash equivalents - end of year	\$ 2,444,850	\$ 2,463,582
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (60,553)	\$ 252,908
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	74,233	83,913
(Increase) decrease in investments	171,804	6,655
Changes in assets and liabilities:		
Accrued revenue	(157,871)	-
Accounts payable and customer deposits	33,051	28,192
Net cash provided by operating activities	\$ 60,664	\$ 371,668

See accompanying notes to the financial statements.

Craighead County Jonesboro Public Library

Jonesboro, Arkansas

Notes to Financial Statements

December 31, 2008

Note 1: Summary of Significant Accounting Policies

A. Reporting entity

The Craighead County Jonesboro Public Library System is an entity related to Craighead County, Arkansas. These financial statements represent only the activities of the Craighead County Jonesboro Public Library System, a separate component unit established to provide library services to the residents of Craighead County, Arkansas, and are not intended to present financial position or results of operations of the County or any of its other activities.

B. Basis of presentation - fund accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

C. Basis of accounting

The Library uses the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

D. Fixed assets & depreciation procedures

Fixed assets are stated at cost.

Depreciation of fixed assets is charged as an expense against operations. Depreciation rates have been applied on a straight-line basis, with estimated useful lives as follows:

Office furniture & fixtures	10 Years
Office buildings	40 Years

Depreciation expense was \$74,233 for year ended December 31, 2008 and \$83,913 for year ended December 31, 2007.

E. Cash equivalents

For purposes of the Statement of Cash Flows, the Library considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Craighead County Jonesboro Public Library

Jonesboro, Arkansas

Notes to Financial Statements

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

G. Credit Risk

Financial instruments, which potentially subject the Library to concentrations of credit risk, consist principally of temporary cash investments. The Library places its temporary cash investments with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the Library's large number of customers.

H. Net Assets

Net assets comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following three components.

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

I. Property taxes

Property taxes are levied annually due to a two mill tax passed by Craighead County, Arkansas and City of Jonesboro residents which went into effect November, 1984 and November, 1994, respectively. Property taxes are collected by the County Tax Collector who then remits the money to the County and City treasurers who send the money to the Craighead County Jonesboro Public Library System.

Craighead County Jonesboro Public Library

Jonesboro, Arkansas

Notes to Financial Statements

December 31, 2008

Note 2: Cash Deposits

The carrying amount of the Library's deposits with financial institutions was \$2,444,712 and \$2,463,309 for December 31, 2008 and 2007 respectively and the bank balance was \$2,583,889 and \$2,502,872 for December 31, 2008 and 2007 respectively. The difference between the bank balance and the carrying amount represents outstanding checks.

Amount insured by the FDIC or collateralized with securities held by the Library in its name	\$ 219,633
Amount collateralized with securities held by the pledging financial institution's agent in the Library's name	2,364,256
Uncollateralized	-
Total bank balance	<u>\$ 2,583,889</u>

Note 3: Investments

Investments made by the Library are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 – Insured or registered, or securities held by the Library or its agent in the Library's name

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Library's name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Library's name.

	Category			Carrying amount	Fair value
	1	2	3		
Capital Income Builders Fund	\$ 193,867	\$ -	\$ -	\$ 193,867	\$ 193,867
Columbia Funds Trust	38,447	-	-	38,447	38,447
Washington Mutual Investors Fund	40,840	-	-	40,840	40,840
Income Fund of America	49,226	-	-	49,226	49,226
Federated Income Gov't Securities	17,555	-	-	17,555	17,555
Money Market & Cash Accounts	5	-	-	5	5
	<u>\$ 339,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,940</u>	<u>\$ 339,940</u>

Craighead County Jonesboro Public Library

Jonesboro, Arkansas

Notes to Financial Statements

December 31, 2008

Note 4: Legal or Contractual Provisions for Deposits & Investments

State law generally requires that Library funds be deposited in federally (FDIC) insured banks in the State of Arkansas. The Library deposits may be in the form of checking accounts, savings account, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations on which the principal and interest are fully guaranteed by the United States of America.

Note 5: Restricted Assets & Reserves

Endowments from which only the income may be used for current operations are reported as restricted assets. An equal amount of the fund balance is reserved to indicate that the endowments are not available for current expenditures.

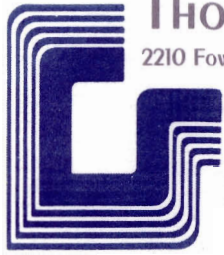
Note 6: Pension Costs

Arkansas Public Employee Retirement System: Full time employees of the Craighead County Jonesboro Public Library participate in the Arkansas Public Employee Retirement System, a cost-sharing multiple-employer public employee retirement system. Employees become fully vested after five years of service to the Library. Employees who retire at or after 60 with 5 years of credited service are entitled to a retirement, payable monthly for life, computed as the difference between 1.625% of final average pay and 1.25% of Social Security primary benefit; plus, for each year of credited service resulting from employment in a position never covered by Social Security or another federal retirement plan, 1.625% of final average pay. Final average pay is equal to the employee's average salary over the five highest paid years. Vested employees may retire with 65% of retirement benefits after 25 years of service and full retirement benefits after 28 years of service. The Library is required by state statute to contribute 12.54% of the employees' salaries to the plan for January through June and 11.01% for July through December of 2008. Beginning in January 2009, the rate was changed to 11.0%.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The system does not make separate measurements of assets and pension benefit obligation for individual employers. The retirement benefits reflected for the year ended December 31, 2008 is \$89,406.

Note 7: Litigation

As of December 31, 2008, management was not aware of any pending or threatened litigation against the Craighead County Jonesboro Public Library.



THOMAS, SPEIGHT & NOBLE

2210 FOWLER AVENUE, JONESBORO, AR 72401 (870) 932-5858

A PROFESSIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE PRIVATE COMPANIES PRACTICE SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Craighead County Jonesboro Public Library
Jonesboro, Arkansas

We have audited the financial statements of Craighead County Jonesboro Public Library (the Library), as of and for the year ended December 31, 2008, and have issued our report thereon dated August 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thomas, Speight & Noble, CPAs

Thomas Speight & Noble, CPAs
Jonesboro, Arkansas
August 11, 2009

2210 FOWLER AVENUE
PO Box 17167
JONESBORO, AR 72403-6721
870-932-5858
FAX 870-932-2030

420 WEST WALNUT
PO Box 205
Blytheville, AR 72516
870-762-5831
FAX 870-762-5833

1400 WEST KEISER
PO Box 644
OSCEOLA, AR 72570
870-563-2638
FAX 870-563-3794

1704 Highway 67 North
PO Box 700
POCAHONTAS, AR 72455
870-892-2575
FAX 870-892-2576



THOMAS, SPEIGHT & NOBLE

2210 FOWLER AVENUE, JONESBORO, AR 72401 (870) 932-5858

A PROFESSIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE PRIVATE COMPANIES PRACTICE SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Craighead County Jonesboro Public Library
Jonesboro, Arkansas

We have audited the accompanying financial statements of the Craighead County Jonesboro Public Library, for the year ended December 31, 2008, and have issued our report thereon dated August 11, 2009.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Craighead County Jonesboro Public Library, is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Craighead County Jonesboro Public Library Systems' compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors and management of Craighead County Jonesboro Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Thomas, Speight & Noble, CPAs

Thomas Speight & Noble, CPAs
Jonesboro, Arkansas
August 11, 2009