



**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Forest Jackson Public Library  
Hardin County  
102 West Lima Street  
Forest, Ohio 45843

To the Board of Trustees:

We have audited the accompanying financial statements of the Forest Jackson Public Library, Hardin County, (the "Library") as of and for the years ended December 31, 2001 and 2000. 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 *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, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 fund cash balances, and reserves for encumbrances of the Library as of December 31, 2001 and 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2002 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 grants. That report is 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.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 5, 2002

**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Government Grants-In-Aid	\$94,688	\$34,000	\$128,688
Patron Fines and Fees	2,807		2,807
Earnings on Investments	3,600		3,600
Contributions, Gifts and Donations	676	47,671	48,347
Miscellaneous Receipts	597	210	807
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,368	81,881	184,249
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	49,287		49,287
Supplies	2,463		2,463
Purchased and Contracted Services	22,060	675	22,735
Library Materials and Information	16,252		16,252
Capital Outlay	1,920	213,225	215,145
Other Objects	1,708		1,708
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	93,690	213,900	307,590
Total Cash Receipts Over/(Under) Cash Disbursements	8,678	(132,019)	(123,341)
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds of Notes		116,000	116,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	8,678	(16,019)	(7,341)
Fund Cash Balances, January 1	22,732	59,411	82,143
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$31,410</u>	<u>\$43,392</u>	<u>\$74,802</u>
Reserves for Encumbrances, December 31	<u>\$758</u>	<u>\$0</u>	<u>\$0</u>

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

**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Government Grants-In-Aid	\$88,300		\$88,300
Patron Fines and Fees	2,679		2,679
Earnings on Investments	2,038		2,038
Services Provided to Other Entities	225		225
Contributions, Gifts and Donations	579	43,211	43,790
Miscellaneous Receipts	117	1,449	1,566
	<u>93,938</u>	<u>44,660</u>	<u>138,598</u>
<b>Total Cash Receipts</b>			
	<u>93,938</u>	<u>44,660</u>	<u>138,598</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	47,468		47,468
Supplies	2,939		2,939
Purchased and Contracted Services	18,330	6,618	24,948
Library Materials and Information	15,539		15,539
Capital Outlay	1,589	18,208	19,797
Other Objects	2,321		2,321
	<u>88,186</u>	<u>24,826</u>	<u>113,012</u>
<b>Total Cash Disbursements</b>			
	<u>88,186</u>	<u>24,826</u>	<u>113,012</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	5,752	19,834	25,586
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property		7,577	7,577
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	5,752	27,411	33,163
<b>Fund Cash Balances, January 1</b>	<u>16,980</u>	<u>32,000</u>	<u>48,980</u>
<b>Fund Cash Balances, December 31</b>	<u>\$22,732</u>	<u>\$59,411</u>	<u>\$82,143</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$761</u>	<u>\$0</u>	<u>\$0</u>

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



**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Forest Jackson Public Library, Hardin County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by an seven-member Board of Trustees, appointed by the Board of Education of the Riverdale School District for a term of seven years. The Library serves as an information agency to support both the formal and informal learning requirements and recreational needs of its patrons. The Library extends its services to all the residents of the State of Ohio on equal terms.

The Riverdale Local School District is a separate entity from the Library and the financial statements of the school are not included herein.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which 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. 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following capital project fund:

**Building and Repair Fund** - receives receipts that are restricted for acquisition or construction of major capital projects.

**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<u>2001</u>	<u>2000</u>
Demand deposits	\$61,109	\$21,530
Certificates of Deposit	<u>          </u>	<u>40,609</u>
Total deposits	61,109	62,139
STAR Ohio	<u>13,673</u>	<u>19,984</u>
Total deposits and investments	74,782	82,123
Petty Cash	<u>20</u>	<u>20</u>
Total Deposits, Cash and Investments	<u><u>\$74,802</u></u>	<u><u>82,143</u></u>

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

<b>2001 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$99,831	\$102,368	\$2,537
Capital Projects	<u>158,500</u>	<u>197,881</u>	<u>39,381</u>
Total	<u><u>\$258,331</u></u>	<u><u>\$300,249</u></u>	<u><u>\$41,918</u></u>

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$123,086	\$94,448	\$28,638
Capital Projects	<u>217,875</u>	<u>213,900</u>	<u>3,975</u>
Total	<u><u>\$340,961</u></u>	<u><u>\$308,348</u></u>	<u><u>\$32,613</u></u>

**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$88,966	\$93,938	\$4,972
Capital Projects	1,000	52,237	51,237
Total	\$89,966	\$146,175	\$56,209

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$107,493	\$88,947	\$18,546
Capital Projects	84,448	24,826	59,622
Total	\$191,941	\$113,773	\$78,168

**4. GRANTS - IN - AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF), created by the State Legislature to replace the intangible tax. The LLGSF is allocated 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, operations, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional resources realized by the library.

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The rate returned to 13.55% on January 1, 2001. The Library has paid all contributions required through December 31, 2001

**FOREST JACKSON PUBLIC LIBRARY  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
General Obligation Notes	\$116,000	4.75%
Total	\$116,000	

On December 12, 2001 the Library issued \$116,000 of Library Fund Library Facilities Notes for the purpose of paying part of the costs of acquiring land and a building and renovating the same for the Library. The Notes were sold to the United States Department of Agriculture. Payments are due annually and are secured by the Library's revenue from the "library and local government support fund". The notes are subject to redemption, at the option of the Library at any time prior to maturity. The United States Department of Agriculture may request redemption of the notes at any time it would appear that the Library could refund the notes at a reasonable rate and term.

Amortization of the above debt, including interest, is scheduled as follows:

<b>Year ending December 31:</b>	<b>General Obligation Notes</b>
2002	\$8,100
2003	8,100
2004	8,100
2005	8,100
2006	8,100
2007 – 2011	40,500
2012 – 2016	40,500
2017 – 2021	40,500
2022 – 2026	40,500
Total	\$202,500

**7. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Forest Jackson Public Library  
Hardin County  
102 West Lima Street  
Forest, Ohio 45843

To the Board of Trustees:

We have audited the financial statements of the Forest Jackson Public Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. 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.

**Compliance**

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

**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 opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 5, 2002.

Forest Jackson Public Library  
Hardin County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 5, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**FOREST JACKSON PUBLIC LIBRARY**

**HARDIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 9, 2002**