



Dave Yost • Auditor of State



JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Jackson City Public Library, Jackson County, Ohio (the Library) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Jackson City Public Library, Jackson County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2012 the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 2, 2014

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Public Library	\$379,425			\$379,425
Intergovernmental	2,000			2,000
Patron Fines and Fees	15,110			15,110
Contributions, Gifts and Donations	18,681	\$6,000		24,681
Earnings on Investments	1,530		\$493	2,023
Miscellaneous	6,807			6,807
<i>Total Cash Receipts</i>	<u>423,553</u>	<u>6,000</u>	<u>493</u>	<u>430,046</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:	365,837	9,295		
Capital Outlay	22,964			22,964
<i>Total Cash Disbursements</i>	<u>388,801</u>	<u>9,295</u>	<u>0</u>	<u>22,964</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>34,752</u>	<u>(3,295)</u>	<u>493</u>	<u>407,082</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	1,759			1,759
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,759</u>	<u>0</u>	<u>0</u>	<u>1,759</u>
<i>Net Change in Fund Cash Balances</i>	36,511	(3,295)	493	33,709
<i>Fund Cash Balances, January 1</i>	<u>471,280</u>	<u>35,769</u>	<u>203,407</u>	<u>710,456</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			200,000	200,000
Restricted		32,474	3,900	36,374
Assigned	66,876			66,876
Unassigned (Deficit)	440,915			440,915
<i>Fund Cash Balances, December 31</i>	<u>\$507,791</u>	<u>\$32,474</u>	<u>\$203,900</u>	<u>\$744,165</u>

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

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Public Library	\$370,906			\$370,906
Intergovernmental		\$20,456		20,456
Patron Fines and Fees	15,946			15,946
Contributions, Gifts and Donations	12,967	50,000		62,967
Earnings on Investments	2,414		\$1,287	3,701
Miscellaneous	15,280			15,280
<i>Total Cash Receipts</i>	<u>417,513</u>	<u>70,456</u>	<u>1,287</u>	<u>489,256</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:	383,026	32,687		
Capital Outlay	20,411	2,000	26,900	49,311
<i>Total Cash Disbursements</i>	<u>403,437</u>	<u>34,687</u>	<u>26,900</u>	<u>49,311</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,076</u>	<u>35,769</u>	<u>(25,613)</u>	<u>439,945</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	1,894			1,894
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,894</u>	<u>0</u>	<u>0</u>	<u>1,894</u>
<i>Net Change in Fund Cash Balances</i>	15,970	35,769	(25,613)	26,126
<i>Fund Cash Balances, January 1</i>	<u>455,310</u>		<u>229,020</u>	<u>684,330</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			200,000	200,000
Restricted		35,769	3,407	39,176
Assigned	40,862			40,862
Unassigned (Deficit)	430,418			430,418
<i>Fund Cash Balances, December 31</i>	<u>\$471,280</u>	<u>\$35,769</u>	<u>\$203,407</u>	<u>\$710,456</u>

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



**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson City Public Library, Jackson County (the Library), as a body corporate and politic. The Mayor of the City of Jackson appoints a seven member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is involved with the Southeast Regional Library System (SERLS) and the Ohio Valley Library Consortium which are both defined as a jointly governed organizations. Additional information concerning SERLS and the Ohio Valley Library Consortium are presented in Note 7.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

Ohio Valley Library Consortium Fund – This fund received state money for the Library to merge their stand-alone cataloging system to the Ohio Valley Library Consortium to expand access to and provide enhanced services to patrons.

Brooks Jones Fund – This fund received money from an estate to be spent on the archival section on the history of Jackson.

**3. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant Permanent Fund:

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.

**E. Budgetary Process**

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits and Investments**

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

**JACKSON CITY PUBLIC LIBRARY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

	2013	2012
Demand deposits	\$124,879	\$93,160
Certificates of deposit	593,705	591,726
Total deposits	718,584	684,886
STAR Ohio	25,581	25,570
Total investments	25,581	25,570
Total deposits and investments	\$744,165	\$710,456

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

**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, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$413,538	\$425,312	\$11,774
Special Revenue	6,000	6,000	0
Permanent	1,000	493	(507)
Total	\$420,538	\$431,805	\$11,267

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$445,900	\$391,573	\$54,327
Special Revenue	35,769	9,295	26,474
Permanent	3,000	0	3,000
Total	\$484,669	\$400,868	\$83,801

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$395,481	\$419,407	\$23,926
Special Revenue	70,456	70,456	0
Permanent	1,500	1,287	(213)
Total	\$467,437	\$491,150	\$23,713

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$445,519	\$404,535	\$40,984
Special Revenue	70,456	42,192	28,264
Permanent	27,000	26,900	100
Total	\$542,975	\$473,627	\$69,348

**4. Grants-in-aid and Tax Receipts**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**5. Retirement System**

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Effective in 1998, the Library contributes 4% of the employees' gross salaries required contribution as a fringe benefit to employees. For 2013 and 2012, OPERS members contributed 6% and 6%, respectively, of their gross salaries and the Library contributed an amount equaling 18% and 18%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2013.

**6. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**7. Jointly Governed Organizations**

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provisions of Sections 3375.70 and 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 of Trustees.

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. Jointly Governed Organizations (Continued)**

Ohio Valley Library Consortium is a cooperative agreement between the Sylvester Memorial Wellston Public Library, Jackson City Library, Herbert Wescoat Memorial Library, Portsmouth Public Library, Meigs County District Library, Oak Hill Public Library, and Briggs Lawrence County Public Library. The Board of Trustees is comprised of one member from each library, normally the library director or his/her assignee. Each library pays a share of subscription and support fees for the databases to The Library Corporation and each library maintains their own individually. The purpose of OVLC is for resource sharing with participating members.

**8. Related Party Transactions**

The Library pays an annual fee to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2013 the Library paid \$200 to SERLS for annual dues and fees for services provided and \$1,554 for dental insurance provided through SERLS. The Library paid \$200 to SERLS for annual dues and fees for services provided and \$1,244 for dental insurance provided through SERLS in 2012



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Jackson City Public Library, Jackson County, Ohio (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 2, 2014, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the Library has adopted Governmental Accounting Standards Board Statement No. 54.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 2, 2014





# Dave Yost • 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  
JUNE 17, 2014**