



**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

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 Jackson City Public Library, Jackson County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance and reserve for encumbrances of the Library as of December 31, 1999 and December 31, 1998, 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 February 10, 1999 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.

This report is intended solely for the information and use of management, 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

February 10, 1999



**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Cash Receipts:</b>	
Taxes	\$481,957
Patron Fines and Fees	7,815
Earnings on Investments	14,864
Contributions, Gifts and Donations	3,695
Miscellaneous Receipts	<u>6,503</u>
 Total Cash Receipts	 <u>514,834</u>
<b>Cash Disbursements:</b>	
Salaries and Benefits	256,613
Purchased and Contracted Services	93,243
Supplies	12,658
Library Materials and Information	51,310
Other Objects	1,156
Capital Outlay	<u>177,427</u>
 Total Cash Disbursements	 <u>592,407</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>(77,573)</u>
<b>Other Financing Receipts/(Disbursements):</b>	
Sale of Surplus Property	<u>3,012</u>
 Total Other Financing Receipts/(Disbursements)	 <u>3,012</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	   (74,561)
 Cash Balance, January 1	 <u>284,374</u>
 <b>Cash Balance, December 31</b>	 <b><u><u>\$209,813</u></u></b>
 Reserve for Encumbrances, December 31	 <u><u>\$23,079</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

**Cash Receipts:**

Taxes	\$437,598
Patron Fines and Fees	8,950
Earnings on Investments	10,783
Contributions, Gifts and Donations	5,717
Miscellaneous Receipts	<u>6,071</u>
 Total Cash Receipts	 <u>469,119</u>

**Cash Disbursements:**

Salaries and Benefits	239,506
Purchased and Contracted Services	55,677
Supplies	9,670
Library Materials and Information	49,904
Other Objects	987
Capital Outlay	<u>16,674</u>
 Total Cash Disbursements	 <u>372,418</u>

Total Cash Receipts Over/(Under) Cash Disbursements	<u>96,701</u>
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**Other Financing Receipts/(Disbursements):**

Sale of Surplus Property	<u>1,520</u>
 Total Other Financing Receipts/(Disbursements)	 <u>1,520</u>

Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	98,221
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Cash Balance, January 1	<u>186,153</u>
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<b>Cash Balance, December 31</b>	<b><u><u>\$284,374</u></u></b>
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Reserve for Encumbrances, December 31	<u><u>\$15,020</u></u>
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*The notes to the financial statements are an integral part of this statement.*



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Jackson City Public Library, Jackson 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 a six-member Board of Trustees. The Library provides the community with various educational and literary resources. The Library is associated with the Ohio Valley Area Libraries which is defined as a jointly governed organization. This organization is presented in Note 7.

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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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. Budgetary Process**

The Ohio Administrative Code requires annual budgeting.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Budgetary Process (Continued)**

**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.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. 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.

**F. 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. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$93,800	\$92,809
Certificates of deposit	25,000	50,000
Total deposits	118,800	142,809
STAR Ohio	91,013	141,565
Total investments	91,013	141,565
Total deposits and investments	\$209,813	\$284,374

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized the financial institutions public entity deposit pool.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
<u>\$502,556</u>	<u>\$517,846</u>	<u>\$15,290</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
<u>\$656,927</u>	<u>\$615,486</u>	<u>\$41,441</u>

1998 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
<u>\$408,371</u>	<u>\$470,639</u>	<u>\$62,268</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
<u>\$440,423</u>	<u>\$387,438</u>	<u>\$52,985</u>

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The 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, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**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 also 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. The Library has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Library maintains comprehensive insurance coverage with private carriers for real property and building contents. Real property and contents are 100% insured.

The Library also offers health insurance to qualifying employees through a private carrier.

**7. JOINTLY GOVERNED ORGANIZATION**

The Ohio Valley Area Libraries (OVAL) is an area library service organization created and governed according to the provisions of Sections 3375.70 through 3375.73, Revised Code. OVAL is composed of autonomous public libraries in the Ohio counties of Athens, Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, and Vinton. OVAL's Board of Trustees consists of one Trustee from each of the member libraries. The Jackson City Public Library's control over budgeting and financing of OVAL is limited to its voting authority and its representation on OVAL's Board of Trustees.

**8. PRIOR PERIOD ADJUSTMENT**

The January 1, 1998 cash balance was increased by \$22.55 for long outstanding checks that were added back to the beginning balance. These checks were issued in the prior year and had been outstanding for several months. The checks were voided and the amount of the check was credited in the system cash balance.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
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 accompanying financial statements of the Jackson City Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 10, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 February 10, 2000.

This report is intended for the information and use of the management and 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

February 10, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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  
MARCH 30, 2000**