



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

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**STATE OF OHIO**



JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

**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, 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 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 Jackson City Public Library, Jackson County, as of December 31, 2001 and December 31, 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 March 22, 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 the audit committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

March 22, 2002

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**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**Cash Receipts:**

Taxes	\$530,953
Patron Fines and Fees	8,008
Earnings on Investments	16,615
Contributions, Gifts and Donations	29,263
Miscellaneous Receipts	<u>3,305</u>
 Total Cash Receipts	 <u>588,144</u>

**Cash Disbursements:**

Current:	
Salaries and Benefits	310,756
Supplies	14,434
Purchased and Contracted Services	61,129
Library Material and Information	64,887
Other Objects	1,349
Capital Outlay	<u>30,841</u>
 Total Cash Disbursements	 <u>483,396</u>

Total Cash Receipts Over/(Under) Cash Disbursements	<u>104,748</u>
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**Other Financing Receipts/(Disbursements):**

Proceeds from Sales of Property	<u>1,511</u>
 Total Other Financing Receipts/(Disbursements)	 <u>1,511</u>

Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	106,259
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Cash Balance, January 1	<u>331,850</u>
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<b>Cash Balance, December 31</b>	<b><u><u>\$438,109</u></u></b>
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Reserve for Encumbrances, December 31	<u><u>\$16,596</u></u>
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*The notes to the financial statements are an integral part of this statement.*

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>Cash Receipts:</b>	
Taxes	\$519,607
Patron Fines and Fees	9,452
Earnings on Investments	13,726
Contributions, Gifts and Donations	14,044
Miscellaneous Receipts	<u>7,282</u>
 Total Cash Receipts	 <u>564,111</u>
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	282,914
Supplies	13,997
Purchased and Contracted Services	64,283
Library Material and Information	59,847
Other Objects	1,255
Capital Outlay	<u>21,369</u>
 Total Cash Disbursements	 <u>443,665</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>120,446</u>
<b>Other Financing Receipts/(Disbursements):</b>	
Proceeds from Sales of Property	<u>1,544</u>
 Total Other Financing Receipts/(Disbursements)	 <u>1,544</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	   121,990
 Cash Balance, January 1, (Restated, See Note 9)	  <u>209,860</u>
 <b>Cash Balance, December 31</b>	  <u><b>\$331,850</b></u>
 Reserve for Encumbrances, December 31	  <u>\$18,718</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, 2001 AND 2000**

**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 appointed by the Mayor of the City of Jackson. The Library provides the community with various educational and literary resources. The Library is involved with the Ohio Valley Area Libraries which is defined as a jointly governed organization. Additional information concerning the jointly governed 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 in the cash balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. 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 STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Budgetary Process**

The Ohio Administrative Code requires the Library to prepare an annual budget.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function and object level of control. 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.

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

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

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$81,053	\$97,988
Certificates of deposit	185,574	110,720
Total deposits	266,627	208,708
STAROhio	171,482	123,142
Total investments	171,482	123,142
Total deposits and investments	\$438,109	\$331,850

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

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

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$578,836	\$589,655	\$10,819

2001 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$569,715	\$499,992	\$69,723

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$536,218	\$565,655	\$29,437

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$515,624	\$462,383	\$53,241

**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.

**JACKSON CITY PUBLIC LIBRARY  
JACKSON COUNTY**

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

**5. RETIREMENT SYSTEM**

The Library's appointed officials and employees belong to the Public Employees Retirement System (PERS) 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. For 2001 and 2000, 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. Effective July 1, 2000 through December 31, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Library contributed an amount equal to 13.55% of the participants' gross salaries during 2001. The Library has paid all contributions required through December 31, 2001.

**6. 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.

The Library also provides 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 the Library Director 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. RELATED PARTY TRANSACTION**

The Library pays an annual fee as well as service fees to the Ohio Valley Area Libraries (OVAL), a jointly governed organization, of which the Library is a member. OVAL provides training programs, technology support, and "Books by Mail" services for which the member libraries are billed each month. The Library paid \$21,312 to OVAL for annual dues and fees for services provided during 2001. The Library paid \$23,046 to OVAL for annual dues and fees for services provided during 2000.

**9. PRIOR PERIOD ADJUSTMENT**

The January 1, 2000 cash balance was restated as shown below, due to long outstanding checks that were added back to the beginning balance. These checks were issued in prior years and had been outstanding for several months. The checks were voided and the amount of the checks were credited in the system balance.

Cash Balance, December 31, 1999	\$209,813
Prior Period Adjustment	<u>47</u>
Restated Cash Balance, January 1, 2000	<u><u>\$209,860</u></u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

**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, 2001 and 2000, and have issued our report thereon dated March 22, 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 22, 2002.

**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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated March 22, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

March 22, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
MAY 14, 2002**