



OHIO AUDITOR OF STATE
KEITH FABER



JACKSON CITY PUBLIC LIBRARY
JACKSON COUNTY
DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019	3
Notes to the Financial Statements - For the Year Ended December 31, 2019	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018	11
Notes to the Financial Statements - For the Year Ended December 31, 2018	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road
The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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 of the cash balances, receipts and disbursements by fund type, and related notes of the Jackson City Public Library, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018.

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 § 117.38 and Ohio Administrative Code § 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 such 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 opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2019 and 2018, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Jackson City Public Library, Jackson County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2020 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.



Keith Faber
Auditor of State
Columbus, Ohio

May 1, 2020

Jackson City Public Library*Jackson County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$443,886	\$0	\$0	\$443,886
Intergovernmental	1,000	5,967	0	6,967
Patron Fines and Fees	9,697	0	0	9,697
Contributions, Gifts and Donations	15,982	16,500	0	32,482
Earnings on Investments	13,967	0	4,370	18,337
Miscellaneous	2,870	0	0	2,870
<i>Total Cash Receipts</i>	<u>487,402</u>	<u>22,467</u>	<u>4,370</u>	<u>514,239</u>
Cash Disbursements				
Current:				
Library Services:	382,532	19,176	0	401,708
Capital Outlay	25,708	0	3,399	29,107
<i>Total Cash Disbursements</i>	<u>408,240</u>	<u>19,176</u>	<u>3,399</u>	<u>430,815</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>79,162</u>	<u>3,291</u>	<u>971</u>	<u>83,424</u>
<i>Net Change in Fund Cash Balances</i>	79,162	3,291	971	83,424
<i>Fund Cash Balances, January 1</i>	<u>650,879</u>	<u>20,328</u>	<u>202,453</u>	<u>873,660</u>
Fund Cash Balances				
Nonspendable	0	0	200,000	200,000
Restricted	0	23,598	3,424	27,022
Assigned	64,252	21	0	64,273
Unassigned (Deficit)	665,789	0	0	665,789
<i>Fund Cash Balances, December 31</i>	<u>\$730,041</u>	<u>\$23,619</u>	<u>\$203,424</u>	<u>\$957,084</u>

See accompanying notes to the financial statements

This page intentionally left blank.

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Jackson City Public Library (the Library), Jackson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Jointly Governed Organizations

The Library is involved with the Southeast Regional Library System (SERLS) and the Ohio Valley Library Consortium which are both defined as jointly governed organizations. Additional information concerning SERLS and the Ohio Valley Library Consortium are presented in Note 9.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

General Mills Fund – This fund resulted from a donation from local manufacturer, General Mills. General Mills regulates the usage of these funds. The money from this fund is used to support adult and youth programming and outreach services.

LSTA Guiding Ohio Online was a grant from the State Library of Ohio via federal funds to pay wages for contractors to provide digital literacy training to library patrons in the community.

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:

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permanent Fund – This fund is set aside for the Edward Baker and Ida Jones Matthews Endowment. This original endowment (\$200,000) is nonexpendable. Only the interest earned is expendable at the discretion of the Library Board of Trustees.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

A summary of 2019 budgetary activity appears in Note 3.

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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into three 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:

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

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.

Committed. The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends 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.

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 the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$462,688	\$487,402	\$24,714
Special Revenue	23,503	22,467	(1,036)
Permanent	4,000	4,370	370
Total	\$490,191	\$514,239	\$24,048

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 - Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$471,063	\$412,471	\$58,592
Special Revenue	43,830	19,218	24,612
Permanent	3,600	3,399	201
Total	\$518,493	\$435,088	\$83,405

Note 4 – 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:

	2019
Demand deposits	\$142,080
Certificates of deposit	200,000
Total deposits	342,080
STAR Ohio	615,004
Total investments	615,004
Total deposits and investments	\$957,084

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – Grants in Aid and Taxes

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Note 6 - Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Library is in a group rating program through OLC.

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - Risk Management (Continued)

The Library has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All Library 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. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9— Jointly Governed Organizations

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provision of § 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. 2019 participating libraries include Sylvester Memorial Wellston Public Library, Jackson City, Oak Hill, University of Rio Grande, Dr. Samuel Bossard Memorial, Portsmouth City, Garnet A Wilson, Chillicothe & Ross County, Pickaway County, Fairfield County, Grandview Heights, Pickerington Westerville, Homer, Licking County, Guernsey County, Belmont College, Belmont County, Bellaire, Meigs County, Perry County, Logan-Hocking County, Athens County, Bexley, Briggs Lawrence, Granville, OH Dept of Natural Resources, St Clairsville, Wagnalls Memorial, Washington County, and Herbert Wescoat. A 14 member board sets policy and hires a director and fiscal officer who oversee the day-to-day operations of SERLS. 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
For the Year Ended December 31, 2019

Note 9– 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, Briggs Lawrence County Public Library, and Logan-Hocking County Library. Each library pays a share of subscription and support fees for the databases to The Library Corporation and each library maintains their own individuality. The purpose of OVLC is for resource sharing with participating members.

Note 10 – 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 2019 The Library paid \$220 to SERLS for annual membership dues and fees for services provided. The Library’s employees can obtain dental and vision insurance through SERLS also, which is deducted from the employee’s wage. One employee was grandfathered with dental insurance paid by the Library to SERLS in 2019.

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Jackson City Public Library*Jackson County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2018*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts:				
Public Library	\$426,102	\$0	\$0	\$426,102
Intergovernmental	0	4,490	0	4,490
Patron Fines and Fees	11,559	0	0	11,559
Contributions, Gifts and Donations	17,518	13,350	0	30,868
Earnings on Investments	10,191	0	2,481	12,672
Miscellaneous	2,779	0	0	2,779
<i>Total Cash Receipts</i>	<u>468,149</u>	<u>17,840</u>	<u>2,481</u>	<u>488,470</u>
Cash Disbursements				
Current:				
Library Services:	369,480	14,907	0	384,387
Capital Outlay	67,058	650	3,500	71,208
<i>Total Cash Disbursements</i>	<u>436,538</u>	<u>15,557</u>	<u>3,500</u>	<u>455,595</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,611</u>	<u>2,283</u>	<u>(1,019)</u>	<u>32,875</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	100			100
<i>Total Other Financing Receipts (Disbursements)</i>	<u>100</u>	<u>0</u>	<u>0</u>	<u>100</u>
<i>Net Change in Fund Cash Balances</i>	31,711	2,283	(1,019)	32,975
<i>Fund Cash Balances, January 1</i>	<u>619,168</u>	<u>18,045</u>	<u>203,472</u>	<u>840,685</u>
Fund Cash Balances				
Nonspendable	0	0	200,000	200,000
Restricted	0	20,328	2,453	22,781
Committed	7,324	0	0	7,324
Unassigned (Deficit)	643,555	0	0	643,555
<i>Fund Cash Balances, December 31</i>	<u>\$650,879</u>	<u>\$20,328</u>	<u>\$202,453</u>	<u>\$873,660</u>

See accompanying notes to the financial statements

This page intentionally left blank.

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Jackson City Public Library (the Library), Jackson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Jointly Governed Organizations

The Library is involved with the Southeast Regional Library System (SERLS) and the Ohio Valley Library Consortium which are both defined as jointly governed organizations. Additional information concerning SERLS and the Ohio Valley Library Consortium are presented in Note 9.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Brooks Jones Fund – This fund received money from an estate to be spent on archive/genealogy related objects.

General Mills Fund – This fund resulted from a donation from local manufacturer, General Mills. General Mills regulates the usage of these funds. The money from this fund is used to support adult and youth programming and outreach services.

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:

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permanent Fund – This fund is set aside for the Edward Baker and Ida Jones Matthews Endowment. This original endowment (\$200,000) is nonexpendable. Only the interest earned is expendable at the discretion of the Library Board of Trustees.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

A summary of 2018 budgetary activity appears in Note 3.

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. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

Fund balance is divided into three 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:

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

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.

Committed. The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends 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.

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 the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$446,291	\$468,249	\$21,958
Special Revenue	17,840	17,840	0
Permanent	2,000	2,481	481
Total	\$466,131	\$488,570	\$22,439

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$489,104	\$443,862	\$45,242
Special Revenue	35,885	15,557	20,328
Permanent	3,500	3,500	0
Total	\$528,489	\$462,919	\$65,570

Note 4 – 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:

	2018
Demand deposits	\$132,555
Certificates of deposit	200,000
Total deposits	332,555
STAR Ohio	541,105
Total investments	541,105
Total deposits and investments	\$873,660

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – Grants in Aid and Taxes

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Note 6 - Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Library is in a group rating program through OLC.

Jackson City Public Library
Jackson County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management (Continued)

The Library has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All Library 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. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9— Jointly Governed Organizations

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed according to the provision of § 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. 2018 participating libraries include Sylvester Memorial Wellston Public Library, Jackson City, Oak Hill, University of Rio Grande, Dr. Samuel Bossard Memorial, Portsmouth City, Garnet A Wilson, Chillicothe, Pickaway County, Fairfield County, Grandview, Pickerington Westerville, Denison, Homer, Licking County, Guernsey County, Belmont College, Belmont County, Bellaire, WCPL Beverly Branch, Meigs County, Nelsonville, Perry County, Logan-Hocking and Herbert Wescoat. A 14 member board sets policy and hires a director and fiscal officer who oversee the day-to-day operations of SERLS. 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
For the Year Ended December 31, 2018

Note 9– 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, Briggs Lawrence County Public Library, and Logan-Hocking County Library. Each library pays a share of subscription and support fees for the databases to The Library Corporation and each library maintains their own individuality. The purpose of OVLC is for resource sharing with participating members.

Note 10 – 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 2018 The Library paid \$220 to SERLS for annual membership dues and fees for services provided. The Library's employees can obtain dental and vision insurance through SERLS also, which is deducted from the employee's wage. One employee was grandfathered with dental insurance paid by the Library to SERLS in 2018.

OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road
The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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 cash balances, receipts, and disbursements by fund type of the Jackson City Public Library, Jackson County, Ohio, (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2020, wherein we noted the Library followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2019-001 to be a material weakness.

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*.

Library's Response to Finding

The Library's response to the Finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Library's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 1, 2020

**JACKSON CITY PUBLIC LIBRARY
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The financial statements contained the following errors that required audit reclassification:

In 2018:

- General Mills Fund contributions, gifts, and donations of \$13,350 were incorrectly posted as intergovernmental receipts.

In 2019

- Snack Fund contributions, gifts, and donation of \$500 was incorrectly posted as intergovernmental receipts;
- Walmart Community Fund contributions, gifts, and donation of \$1000 was incorrectly posted as intergovernmental receipts;
- General Mills Fund contributions, gifts, and donation of \$10,000 was incorrectly posted as intergovernmental receipts; and
- Mobile History App Fund contributions, gifts, and donation of \$5,000 was incorrectly posted as intergovernmental receipts.
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Library incorrectly reported the assigned portion of the General Fund cash fund balance as unassigned, in the amount of \$60,021.

The audited financial statements have been adjusted for the issues noted above.

The Fiscal Officer should review the UAN handbook for guidance to ensure financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements [see GASB Cod. 1800.165 and 1800.166].

Officials' Response: The Fiscal Officer inadvertently classified contributions. This correction is noted and will be referenced for future contributions.

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER



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 19, 2020**