



**Auditor of State
Betty Montgomery**

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Forest Jackson Public Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2003 and 2002. 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this type of service to impair the independence of the Auditor of State to conduct the audit of the Library, because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because, Ohio Revised Code 117.101 requires the Auditor to provide UAN services, and Ohio Revised Code 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 2002, 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 June 24, 2004 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 24, 2004

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Library and Other Local Taxes	\$85,549			\$85,549
Patron Fines and Fees	2,916			2,916
Earnings on Investments	187			187
Contributions, Gifts and Donation	1,485	26,063		27,548
Miscellaneous	384			384
	<hr/>			<hr/>
Total Cash Receipts	90,521	26,063		116,584
	<hr/>			<hr/>
Cash Disbursements:				
Current:				
Salaries	43,249			43,249
Benefits	7,420			7,420
Supplies	2,833			2,833
Purchased and Contracted Services	18,308			18,308
Library Materials and Information	16,016			16,016
Miscellaneous	1,281			1,281
Capital Outlay	950			950
Debt Service:				
Redemption of Principal		21,200		21,200
Interest and Other Fiscal Charges		1,602		1,602
	<hr/>			<hr/>
Total Cash Disbursements	90,057	22,802		112,859
	<hr/>			<hr/>
Total Receipts Over Disbursements	464	3,261		3,725
	<hr/>			<hr/>
Other Financing Receipts and (Disbursements):				
Transfers-In		1,158		1,158
Transfers-Out	(1,158)			(1,158)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(1,158)	1,158		
	<hr/>			<hr/>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(694)	4,419		3,725
	<hr/>			<hr/>
Fund Cash Balances, January 1	25,801	13,906	2,793	42,500
	<hr/>			<hr/>
Fund Cash Balances, December 31	\$25,107	\$18,325	\$2,793	\$46,225
	<hr/> <hr/>			<hr/> <hr/>
Reserve for Encumbrances	\$748			\$748
	<hr/> <hr/>			<hr/> <hr/>

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

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Library and Other Local Government Support	\$87,309			\$87,309
Patron Fines and Fees	2,740			2,740
Contributions, Gifts and Donation	746	45,351		46,097
Earnings on Investments	1,159			1,159
Miscellaneous	287			287
	<u>92,241</u>	<u>45,351</u>		<u>137,592</u>
Cash Disbursements:				
Current:				
Salaries	42,366			42,366
Benefits	6,327			6,327
Supplies	2,365			2,365
Purchased and Contracted Services	21,301			21,301
Library Materials and Information	20,866			20,866
Miscellaneous	567			567
Capital Outlay	1,226		1,180	2,406
Debt Service:				
Redemption of Principal		68,530		68,530
Interest and Other Fiscal Charges		5,165		5,165
	<u>95,018</u>	<u>73,695</u>	<u>1,180</u>	<u>169,893</u>
Total Cash Disbursements	<u>95,018</u>	<u>73,695</u>	<u>1,180</u>	<u>169,893</u>
Total Receipts Under Disbursements	<u>(2,777)</u>	<u>(28,344)</u>	<u>(1,180)</u>	<u>(32,301)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		42,250	2,832	45,082
Transfers-Out	<u>(2,832)</u>		<u>(42,250)</u>	<u>(45,082)</u>
Total Other Financing Receipts/(Disbursements)	<u>(2,832)</u>	<u>42,250</u>	<u>(39,418)</u>	
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(5,609)	13,906	(40,598)	(32,301)
Fund Cash Balances, January 1	<u>31,410</u>	<u>0</u>	<u>43,391</u>	<u>74,801</u>
Fund Cash Balances, December 31	<u>\$25,801</u>	<u>\$13,906</u>	<u>\$2,793</u>	<u>\$42,500</u>
Reserve for Encumbrances	<u>\$744</u>			<u>\$744</u>

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

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Forest Jackson Public Library, Hardin County, (the "Library"), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees, appointed by the Board of Education of the Riverdale School district for a term of seven years. The Library provides the community with various educational and literary resources.

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

The investment in STAR Ohio is recorded at the share value reported by the fund.

D. Fund Accounting

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

1. General Fund

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

2. Capital Project Funds

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

Building and Repair Fund – This fund receives revenue that is restricted for acquisition or construction of major capital projects.

3. Debt Service Funds -

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Library's Debt Service Fund is used to account for donations to be used to pay the debt on the land, building and related renovations of the current Library building.

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2003 and 2002 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

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave and sick leave are not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$36,951	\$33,328
STAR Ohio	9,254	9,152
Total deposits and investments	46,205	42,480
Petty cash	20	20
Total deposits, investments, and cash	\$46,225	\$42,500

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,658	\$91,963	\$28,695
Debt Service	54,091	22,802	31,289
Capital Projects	2,793	0	2,793
Total	\$177,542	\$114,765	\$62,777

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$129,072	\$98,594	\$30,478
Debt Service	117,250	73,695	43,555
Capital Projects	46,223	43,430	2,793
Total	\$292,545	\$215,719	\$76,826

4. GRANTS-IN-AID

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 based on account of any additional revenues the Library receives.

5. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$26,270	4.75%

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

**FOREST JACKSON PUBLIC LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. DEBT (Continued)

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

	<u>General Obligation Notes</u>
Year ending December 31: 2004	<u><u>\$27,515</u></u>

This debt was paid in full during January, 2004.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions

8. TRANSFER

On January 8, 2002, the Library's Board approved the transfer of \$42,250 from the Capital Projects Fund to the Debt Service Fund. The Capital Projects Fund was established to receive donations to pay for the land, building and related renovations for the new Library building. The Debt Service fund is to pay for the debt associated with the land, building and related renovations for the new Library building.



Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Forest Jackson Public Library, Hardin County, (the "Library"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 24, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of States' Uniform Accounting Network (UAN). *Government Auditing Standards* considers this type of service to impair the independence of the Auditor of State to conduct the audit of the Library, because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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Betty Montgomery
Auditor of State

June 24, 2004



**Auditor of State
Betty Montgomery**

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FOREST JACKSON PUBLIC LIBRARY

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 27, 2004**