



**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Salem Public Library
Columbiana County
821 East State Street
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To the Board of Library Trustees:

We have audited the accompanying financial statements of Salem Public Library, Columbiana 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and December 31, 1998, and its combined 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 28, 2000 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, the Board of Library 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 28, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental		Fiduciary	Totals (Memorandum Only)
	General	Capital Projects	Non- Expendable Trust	
Cash Receipts:				
State Income Taxes	\$910,578			\$910,578
Patron Fines and Fees	31,735			31,735
Interest on Investments	21,871		89	21,960
Services - Other Libraries	14,819			14,819
Restricted Contributions	3,437			3,437
Unrestricted Contributions	550			550
Other Revenue	1,822			1,822
Total Cash Receipts	984,812		89	984,901
Cash Disbursements:				
Salaries and Benefits	387,921			387,921
Retirement Benefits	50,677			50,677
Insurance Benefits	42,156			42,156
Other Employee Benefits	1,310			1,310
General Administrative Supplies	21,307			21,307
Property Maintenance	4,732			4,732
Vehicle Fuel, Supplies, and Parts	33			33
Travel and Meeting Expense	9,899			9,899
Communications, Printing, and Publicity	11,870			11,870
Property Maintenance, Repair, and Security	60,748			60,748
Insurance	7,398			7,398
Rents/Leases	1,239			1,239
Utilities	31,196			31,196
Professional Services	1,974			1,974
Books and Pamphlets	120,888		20	120,908
Periodicals	18,943			18,943
Audiovisual Materials	22,178			22,178
Computer Services	5,425			5,425
Loan Fees and Charges	18			18
Repair and Restoration	2,490			2,490
Land Improvements	365			365
Building Improvements	1,811	9,017		10,828
Furniture and Equipment	47,329	41,740		89,069
Dues and Memberships	2,999			2,999
Miscellaneous	2,492			2,492
Total Cash Disbursements	857,398	50,757	20	908,175
Total Receipts Over/(Under) Disbursements	127,414	(50,757)	69	76,726
Other Financing Receipts/(Disbursements):				
Transfers-In		83,231	5,000	88,231
Transfers-Out	(88,231)			(88,231)
Total Other Financing Receipts/(Disbursements)	(88,231)	83,231	5,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,183	32,474	5,069	76,726
Fund Cash Balances, January 1	223,649	175,771		399,420
Fund Cash Balances, December 31	\$262,832	\$208,245	\$5,069	\$476,146

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$829,726		\$829,726
Patron Fines and Fees	32,080		32,080
Interest on Investments	17,899		17,899
Services - Other Libraries	25		25
Restricted Contributions	8,316		8,316
Unrestricted Contributions	2,395		2,395
Other Revenue	3,603		3,603
Total Cash Receipts	<u>894,044</u>		<u>894,044</u>
Cash Disbursements:			
Salaries and Benefits	331,807		331,807
Retirement Benefits	43,876		43,876
Insurance Benefits	29,729		29,729
Other Employee Benefits	1,190		1,190
General Administrative Supplies	19,681		19,681
Property Maintenance	2,566		2,566
Vehicle Fuel, Supplies, and Parts	14		14
Travel and Meeting Expense	9,808		9,808
Communications, Printing, and Publicity	9,741		9,741
Property Maintenance, Repair, and Security	59,191		59,191
Insurance	10,345		10,345
Rents/Leases	1,239		1,239
Utilities	29,156		29,156
Professional Services	5,009		5,009
Books and Pamphlets	96,110		96,110
Periodicals	18,473		18,473
Audiovisual Materials	17,311		17,311
Computer Services	4,066		4,066
Repair and Restoration	178		178
Building Improvements	4,965	11,950	16,915
Furniture and Equipment	31,576	23,378	54,954
Dues and Memberships	2,685		2,685
Miscellaneous	460		460
Total Cash Disbursements	<u>729,176</u>	<u>35,328</u>	<u>764,504</u>
Total Receipts Over/(Under) Disbursements	<u>164,868</u>	<u>(35,328)</u>	<u>129,540</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		105,055	105,055
Transfers-Out	(105,055)		(105,055)
Total Other Financing Receipts/(Disbursements)	<u>(105,055)</u>	<u>105,055</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>59,813</u>	<u>69,727</u>	<u>129,540</u>
Fund Cash Balances, January 1	<u>163,836</u>	<u>106,044</u>	<u>269,880</u>
Fund Cash Balances, December 31	<u><u>\$223,649</u></u>	<u><u>\$175,771</u></u>	<u><u>\$399,420</u></u>
Reserve for Encumbrances, December 31	<u><u>\$874</u></u>		<u><u>\$874</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Salem Public Library, Columbiana 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 operates under the direction of a seven-member board of library trustees. The trustees serve for a period of seven years or until their successors are chosen.

The Salem Public Library Association is a nonprofit corporation which adopted its articles of incorporation in accordance with Section 3375.33 to 3375.41, Revised Code. The Library was qualified as a "public library" in accordance with Section 5705.28, Revised Code, by adopting rules and regulations extending free benefits of library services to all the inhabitants of Columbiana County.

The Library was formally organized in 1895 and is a school district public library.

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

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. Mutual funds are recorded at share values reported by the mutual fund.

Investments are reported as assets. 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital projects fund:

Building and Repair Fund - Received proceeds from contributions and transfers from the general fund. The proceeds were being used for any repairs or renovations to the Library.

3. Fiduciary Funds (Non-Expendable Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, therefore the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary fund:

Endowment Fund - Income to be used by the library for the purchase of new books in memory of Eva and John Ulicny.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Library Trustees must annually approve appropriation measures and subsequent amendments. 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.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when individual 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.

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 basis of accounting used by the Library.

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

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 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$29,103	\$27,398
Change Fund	50	50
Certificate of deposit	<u>25,000</u>	<u>25,000</u>
Total deposits	<u>54,153</u>	<u>52,448</u>
STAR Ohio	<u>421,993</u>	<u>346,972</u>
Total deposits and investments	<u><u>\$476,146</u></u>	<u><u>\$399,420</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library.

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$915,317	\$984,812	\$69,495
Capital Projects	6,750	83,231	76,481
Non-Expendable Trust	<u>5,075</u>	<u>5,089</u>	<u>14</u>
Total	<u><u>\$927,142</u></u>	<u><u>\$1,073,132</u></u>	<u><u>\$145,990</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$996,191	\$945,629	\$50,562
Capital Projects	160,000	50,757	109,243
Non-Expendable Trust	<u>75</u>	<u>20</u>	<u>55</u>
Total	<u><u>\$1,156,266</u></u>	<u><u>\$996,406</u></u>	<u><u>\$159,860</u></u>

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

3. BUDGETARY ACTIVITY (continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$774,696	\$894,044	\$119,348
Capital Projects	4,200	105,055	100,855
Total	<u>\$778,896</u>	<u>\$999,099</u>	<u>\$220,203</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$874,746	\$835,105	\$39,641
Capital Projects	106,000	35,328	70,672
Total	<u>\$980,746</u>	<u>\$870,433</u>	<u>\$110,313</u>

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 revenue, 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.

Since 1986, the library has been funded by the State of Ohio Library and Local Government Support Fund (LLGSF). The LLGSF guarantees public libraries a percentage of state income tax collections. Once collected, this amount is distributed by formula to each of the eighty-eight counties in Ohio.

The Columbiana County Budget Commission, consisting of the County Treasurer, County Auditor, and County Prosecutor, is charged with allocating and distributing Columbiana County's share of the LLGSF funds among the public libraries who serve areas in the county. The formula used to distribute LLGSF funds within the county is based on circulation, full-time equivalent staff, the number of registered borrowers, square feet of the physical plant, and the percentage of the operating budget expended on library materials.

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. The Library's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio.

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.

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

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

Health Insurance coverage through Anthem Blue Cross & Blue Shield is provided to full-time employees and includes hospitalization and major medical insurance coverage. The plan does not include dental or vision insurance coverage.

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OFFICE OF THE AUDITOR**

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

Salem Public Library
Columbiana County
821 East State Street
Salem, Ohio 44460

To the Board of Library Trustees:

We have audited the accompanying financial statements of Salem Public Library, Columbiana 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 28, 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 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 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 a 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 February 28, 2000.

This report is intended for the information and use of management and the Board of Library 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 28, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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SALEM PUBLIC LIBRARY

COLUMBIANA 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
APRIL 25, 2000**