



**Auditor of State
Betty Montgomery**

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANT'S REPORT

Kinsman Free Public Library
Trumbull County
6420 Church Street
Kinsman, Ohio 44428

To the Board of Trustees:

We have audited the accompanying financial statements of the Kinsman Free Public Library, Trumbull County, Ohio, (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 service to impair the independence of the Auditor of State to audit 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 of State 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 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, 2003 and 2002, 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 May 21, 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.

Kinsman Free Public Library
Trumbull County
Independent Accountant's Report
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This report is intended solely for the information and use of the audit committee, management, the 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

May 21, 2004

KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY

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

	Governmental Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	Non-Expendable Trust	
Cash Receipts:					
Governmental Grants-in-Aid	\$591,579				\$591,579
Patron Fines and Fees	25,651				25,651
Earnings on Investments	3,557	\$2,956	\$7	\$501	7,021
Contributions, Gifts and Donations	2,514				2,514
Miscellaneous Receipts	192				192
Total Cash Receipts	623,493	2,956	7	501	626,957
Cash Disbursements:					
Current:					
Salaries	257,686				257,686
Employee Fringe Benefits	81,347				81,347
Purchased and Contracted Services	61,326				61,326
Library Materials and Information	105,549				105,549
Supplies	20,773				20,773
Other	6,093				6,093
Capital Outlay	25,710				25,710
Total Cash Disbursements	558,484				558,484
Total Cash Receipts Over/(Under) Cash Disbursements	65,009	2,956	7	501	68,473
Other Financing Receipts/(Disbursements):					
Proceeds From Sale of Property	2,177				2,177
Other Financing Uses			(200)	(540)	(740)
Total Other Financing Receipts/(Disbursements)	2,177		(200)	(540)	1,437
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	67,186	2,956	(193)	(39)	69,910
Fund Cash Balances, January 1, 2003	233,671	102,531	568	19,556	356,326
Fund Cash Balances, December 31, 2003	\$300,857	\$105,487	\$375	\$19,517	\$426,236
Reserves for Encumbrances, December 31, 2003	\$3,713	\$0	\$0	\$0	\$3,713

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

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Non - Expendable Trust</u>	
Cash Receipts:					
Governmental Grants-in-Aid	\$597,995				\$597,995
Patron Fines and Fees	23,842				23,842
Earnings on Investments	4,326	\$2,502	\$13	\$463	7,304
Contributions, Gifts and Donations	1,604				1,604
Miscellaneous Receipts	599				599
Total Cash Receipts	628,366	2,502	13	463	631,344
Cash Disbursements:					
Current:					
Salaries	248,246				248,246
Employee Fringe Benefits	65,329				65,329
Purchased and Contracted Services	79,640				79,640
Library Materials and Information	110,879				110,879
Supplies	18,653				18,653
Other	9,284				9,284
Capital Outlay	49,505	14,400			63,905
Total Cash Disbursements	581,536	14,400			595,936
Total Cash Receipts Over/(Under) Cash Disbursements	46,830	(11,898)	13	463	35,408
Other Financing Receipts/(Disbursements):					
Proceeds From Sale of Property	2,270				2,270
Transfers-In				214	214
Transfers-Out	(214)				(214)
Other Financing Uses			(145)	(860)	(1,005)
Total Other Financing Receipts/(Disbursements)	2,056		(145)	(646)	1,265
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	48,886	(11,898)	(132)	(183)	36,673
Fund Cash Balances, January 1, 2002	184,785	114,429	700	19,739	319,653
Fund Cash Balances, December 31, 2002	\$233,671	\$102,531	\$568	\$19,556	\$356,326
Reserves for Encumbrances, December 31, 2002	\$5,675	\$0	\$0	\$0	\$5,675

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

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Kinsman Free Public Library, Trumbull 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 seven-member Board of Trustees appointed by the Joseph Badger Local School District. 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

Investments are included 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.

Certificates of deposit are valued at cost. Investments (in STAR Ohio) are recorded at share values reported by the mutual 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 Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Library had one capital projects fund used to account for capital improvements.

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Funds)

These 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, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Marilyn Vogel Trust Fund – This fund is a \$1,000 nonexpendable trust fund that receives additional donations each year to be used for children’s room purchases.

Ernest L. Scott Trust Fund – This fund is a \$5,000 nonexpendable trust fund to be expended every two years for a scholarship to a Joseph Badger School District student.

Dr. Bruce T. Riley Fund – This fund is a \$5,000 nonexpendable trust fund to be expended for a scholarship to a Joseph Badger School District senior who plans to attend college with a major in English.

Kinsman Free Public Library Staff Educational Fund – This fund is an expendable trust fund used to assist staff members on furthering their education.

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 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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

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

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

	2003	2002
Demand deposits	\$157,746	\$155,562
Certificates of deposit	259,298	121,305
Total deposits	417,044	276,867
STAR Ohio	9,192	79,459
Total investments	9,192	79,459
Total deposits and investments	\$426,236	\$356,326

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or 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, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$751,830	\$562,197	\$189,633
Fiduciary	1,200	740	460
Total	\$753,030	\$562,937	\$190,093

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$748,938	\$587,425	\$161,513
Capital Projects	15,109	14,400	709
Fiduciary	1,600	1,005	595
Total	\$765,647	\$602,830	\$162,817

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

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 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 any additional revenues the Library receives.

5. RETIREMENT SYSTEMS

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS 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, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Kinsman Free Public Library has obtained commercial insurance for the following risks:

- Commercial property coverage and general liability;
- Employer's liability;
- Commercial auto coverage (liability);
- Commercial inland marine coverage;
- Boiler and machinery coverage.



**Auditor of State
Betty Montgomery**

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

Kinsman Free Public Library
Trumbull County
6420 Church Street
Kinsman, Ohio 44428

To the Board of Trustees:

We have audited the accompanying financial statements of the Kinsman Free Public Library, Trumbull County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 2002 and have issued our report thereon dated May 21, 2004 wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this 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.

Kinsman Free Public Library
Trumbull County
Independent Accountant's Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 21, 2004



**Auditor of State
Betty Montgomery**

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KINSMAN FREE PUBLIC LIBRARY

TRUMBULL 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
JUNE 22, 2004**