



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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 (the Library) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and December 31, 2000, 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 March 18, 2002 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

March 18, 2002

**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, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type</u>	
Cash Receipts:					
Government Grants-In-Aid (LLGSF)	\$648,587				\$648,587
Patron Fines and Fees	16,949				16,949
Earnings on Investments	11,373				11,373
Contributions, Gifts and Donations	1,516	\$16,708	\$1,750	\$350	20,324
Miscellaneous Receipts	2,652				2,652
Total Cash Receipts	<u>681,077</u>	<u>16,708</u>	<u>1,750</u>	<u>350</u>	<u>699,885</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	303,410				303,410
Supplies	18,534				18,534
Purchased and Contracted Services	84,934	16,708			101,642
Library Materials and Information	101,598			3,971	105,569
Other Objects	6,434				6,434
Capital Outlay	32,713		61,671		94,384
Total Cash Disbursements	<u>547,623</u>	<u>16,708</u>	<u>61,671</u>	<u>3,971</u>	<u>629,973</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>133,454</u>		<u>(59,921)</u>	<u>(3,621)</u>	<u>69,912</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sales of Property	2,032				2,032
Transfers-In				1,483	1,483
Transfers-Out	(1,233)		(250)		(1,483)
Other Financing Uses				(1,330)	(1,330)
Total Other Financing Receipts/(Disbursements)	<u>799</u>		<u>(250)</u>	<u>153</u>	<u>702</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>134,253</u>		<u>(60,171)</u>	<u>(3,468)</u>	<u>70,614</u>
Fund Cash Balances, January 1, 2001	<u>50,532</u>		<u>174,600</u>	<u>23,907</u>	<u>249,039</u>
Fund Cash Balances, December 31, 2001	<u>\$184,785</u>		<u>\$114,429</u>	<u>\$20,439</u>	<u>\$319,653</u>
Reserves for Encumbrances, December 31, 2001	<u>\$2,372</u>				<u>\$2,372</u>

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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type</u>	
Cash Receipts:				
Government Grants-In-Aid (LLGSF)	\$636,892			\$636,892
Patron Fines and Fees	18,454			18,454
Earnings on Investments	14,800			14,800
Contributions, Gifts and Donations	1,252		\$250	1,502
Miscellaneous Receipts	166	\$1,000		1,166
Total Cash Receipts	<u>671,564</u>	<u>1,000</u>	<u>250</u>	<u>672,814</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	277,721			277,721
Supplies	24,407			24,407
Purchased and Contracted Services	68,323			68,323
Library Materials and Information	85,226			85,226
Other Objects	5,840			5,840
Capital Outlay	112,749	160,400		273,149
Total Cash Disbursements	<u>574,266</u>	<u>160,400</u>		<u>734,666</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>97,298</u>	<u>(159,400)</u>	<u>250</u>	<u>(61,852)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	1,706			1,706
Transfers-In		98,000	1,435	99,435
Transfers-Out	(99,435)			(99,435)
Other Financing Uses			(1,095)	(1,095)
Total Other Financing Receipts/(Disbursements)	<u>(97,729)</u>	<u>98,000</u>	<u>340</u>	<u>611</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(431)</u>	<u>(61,400)</u>	<u>590</u>	<u>(61,241)</u>
Fund Cash Balances, January 1, 2000	<u>50,963</u>	<u>236,000</u>	<u>23,317</u>	<u>310,280</u>
Fund Cash Balances, December 31, 2000	<u>\$50,532</u>	<u>\$174,600</u>	<u>\$23,907</u>	<u>\$249,039</u>
Reserves for Encumbrances, December 31, 2000	<u>\$8,721</u>			<u>\$8,721</u>

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, 2001 AND DECEMBER 31, 2000**

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 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. 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.

Money market mutual funds (including 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. Special Revenue Fund

This funds was used to account for proceeds from a specific grant sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

Gates Foundation Fund - This fund was established to account for the receipts and expenditures of a grant received from the Gates Foundation restricted to the purchase of computers and software.

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Capital Projects 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 one capital project fund used to account for capital improvements.

4. Fiduciary Funds (Trust Funds)

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

Marlyn Vogel Trust Fund - a \$1,000 non-expendable trust fund that receives additional donations from the Vogels each year. Interest may be used for a creative writing award.
Ernest L. Scott Trust Fund - a \$5,000 non-expendable trust fund. Interest is expended every 2 years on a scholarship for a Joseph Badger School District student.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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.

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Accumulated Leave

In certain circumstances, such as upon retirement, employees are entitled to cash payments for unused leave. Unpaid leave is 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 investment 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:

	2001	2000
Demand Deposits	\$58,267	\$23,435
STAR Ohio	261,386	225,604
Total deposits and investments	\$319,653	\$249,039

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

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 ended December 31, 2001 and December 31, 2000 follow:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$710,000	\$551,228	\$158,772
Special Revenue	0	16,708	(16,708)
Capital Projects	0	61,921	(61,921)
Fiduciary	1,300	5,301	(4,001)
	\$711,300	\$635,158	\$76,142

**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL COUNTY**

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

3. BUDGETARY ACTIVITY - (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$663,769	\$673,270	\$9,501
Capital Projects	0	99,000	99,000
Fiduciary	2,200	1,685	(515)
Total	\$665,969	\$773,955	\$107,986

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$692,199	\$682,422	\$9,777
Capital Projects	0	160,400	(160,400)
Fiduciary	1,300	1,095	205
Total	\$693,499	\$843,917	(\$150,418)

4. GRANTS-IN-AID RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on 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 also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

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

- Commercial Property Coverage and General Liability
- Employers Liability
- Commercial Auto Coverage (Liability)
- Commercial Inland Marine Coverage
- Boiler and Machinery Coverage



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**REPORT OF INDEPENDENT ACCOUNTANTS 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 (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated March 18, 2002.

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.

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

Jim Petro
Auditor of State

March 18, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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KINSAN 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 11, 2002**