



**KINSMAN FREE PUBLIC LIBRARY
TRUMBULL 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

Kinsman Free Public Library
Trumbull County
6420 Church Street
P.O. Box 166
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, 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 June 7, 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 the, 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".

Jim Petro
Auditor of State

June 7, 2000

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General Fund</u>	<u>Capital Project</u>	
Cash Receipts:			
Gov't Grants In Aid	\$584,328		\$584,328
Patron Fines and Fees	18,472		18,472
Earnings on Investments	13,232		13,232
Contributions, Gifts, Donations	2,926		2,926
Miscellaneous	806		806
	<hr/>		<hr/>
Total Cash Receipts	619,764		619,764
	<hr/>		<hr/>
Cash Disbursements:			
Employee Wages & Fringe Benefits	263,405		263,405
Supplies	17,234		17,234
Purchased and Contracted Services	77,222		77,222
Library Materials & Information	100,080		100,080
Other Objects	9,616		9,616
Capital Outlay	44,220		44,220
	<hr/>		<hr/>
Total Cash Disbursements	511,777		511,777
	<hr/>		<hr/>
Total Receipts over /(under) Disbursements	107,987		107,987
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Sale of Surplus Property	2,172		2,172
Transfers-In		109,000	109,000
Transfers-Out	(110,207)		(110,207)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(108,035)	109,000	965
	<hr/>		<hr/>
Total of Receipts and other Sources Over (Under) Disbursements and Other Uses	(48)	109,000	108,952
	<hr/>		<hr/>
Fund Cash Balances, January 1, 1999	51,011	127,000	178,011
	<hr/>		<hr/>
Fund Cash Balance, December 31, 1999	\$50,963	\$236,000	\$286,963
	<hr/>		<hr/>
Reserve for Encumbrances	\$809		\$809
	<hr/>		<hr/>

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 - NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non-Expendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$750
Total Operating Cash Receipts	750
Operating Income	750
Non-Operating Cash Disbursements:	
Other Financing Uses	(1,260)
Excess of Receipts under Disbursements before interfund Transfers	(510)
Transfers-In	1,207
Net Receipts over Disbursements	697
Fund Cash Balances, January 1, 1999	22,620
Fund Cash Balances, December 31, 1999	\$23,317

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>		Total (Memorandum Only)
	<u>General Fund</u>	<u>Capital Project</u>	
Cash Receipts:			
Gov't Grants In Aid	\$537,823		\$537,823
Patron Fines and Fees	18,174		18,174
Earnings on Investments	8,764		8,764
Contributions, Gifts, Donations	1,842		1,842
Miscellaneous	1,612		1,612
	<hr/>		<hr/>
Total Cash Receipts	568,215		568,215
Cash Disbursements:			
Employee Wages & Fringe Benefits	249,829		249,829
Supplies	17,729		17,729
Purchased and Contracted Services	64,692		64,692
Library Materials & Information	115,569		115,569
Other Objects	7,411		7,411
Capital Outlay	42,980	14,693	57,673
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	498,210	14,693	512,903
Total Receipts over /(under) Disbursements	70,005	(14,693)	55,312
Other Financing Receipts/(Disbursements):			
Sale of Surplus Property	2,223		2,223
Transfers-In		66,693	66,693
Transfers-Out	(67,793)		(67,793)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(65,570)	66,693	1,123
Total of Receipts and other Sources Over (Under) Disbursements and Other Uses	<hr/>	<hr/>	<hr/>
	4,435	52,000	56,435
Fund Cash Balances, January 1, 1998	<hr/>	<hr/>	<hr/>
	46,576	75,000	121,576
Fund Cash Balance, December 31, 1998	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$51,011	\$127,000	\$178,011
Reserve for Encumbrances	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 - NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Non-Expendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$250
Total Operating Cash Receipts	250
Operating Income	250
Non-Operating Cash Disbursements:	
Other Financing Uses	(1,165)
Excess of Receipts under Disbursements before interfund Transfers	(915)
Transfers-In	1,100
Net Receipts over Disbursements	185
Fund Cash Balances, January 1, 1998	22,435
Fund Cash Balances, December 31, 1998	\$22,620

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

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

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. Local public libraries were created by state statutes and are subject to state laws pertaining to public libraries (Ohio Revised Code, Chapter 3375). The Library is directed by a 7 member Board of Trustees appointed by the Joseph Badger Local School District. One Board Member's term expires every January 1. 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 reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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. The Library has one capital project fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust and Agency 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. The Library had the following significant fiduciary funds:

Dr. Bruce Riley Trust Fund - a \$5,000 non-expendable trust fund. Interest is spent every 2 years on a scholarship for a Joseph Badger High School senior who is planning to major in English.

Ernest L. Scott Trust Fund - a \$5,000 non-expendable trust fund. Interest is spent every 2 years on a scholarship for a Joseph Badger School District student.

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 children room purchases.

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 fund, function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Library is required to send a copy of its annual appropriation measure to the Joseph Badger School District Board of Trustees, who approve the Library's budget. The county budget commission holds hearings on the Library's budget to which a representative may be sent. Encumbrances outstanding at year end are carried forward to the following year and do not have to be reappropriated.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

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.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused sick leave in certain circumstances, such as upon retirement. Unpaid vacation, personal leave, and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$29,832	\$33,216
STAR Ohio	<u>280,448</u>	<u>167,415</u>
Total deposits and investments	<u><u>\$310,280</u></u>	<u><u>\$200,631</u></u>

Deposits: Deposits are either (1) 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 ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$625,798	\$621,936	(\$3,862)
Capital Projects		109,000	109,000
Non-Expendable Trust	<u>2,400</u>	<u>1,957</u>	<u>(443)</u>
Total	<u><u>\$628,198</u></u>	<u><u>\$732,893</u></u>	<u><u>\$104,695</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$676,809	\$622,793	\$54,016
Capital Projects	0	0	0
Non-expendable Trust	1,450	1,260	190
Total	\$678,259	\$624,053	\$54,206

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$572,820	\$570,438	(\$2,383)
Capital Projects		66,693	66,693
Non-expendable Trust	1,900	1,350	(550)
Total	\$574,720	\$638,481	\$63,761

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$598,436	\$566,003	\$32,433
Capital Projects	14,693	14,693	
Non-expendable Trust	1,215	1,165	50
Total	\$614,344	\$571,956	\$32,483

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 on account of any additional revenues realized by the Library.

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. The Library's PERS members have 8.5% of their gross salary contributed to PERS by the employer, and the Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all employee contributions required through December 31, 1999.

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

6. RISK MANAGEMENT

The 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

The Library also provides health insurance and drug coverage to full-time employees through a private carrier.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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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
P.O. Box 166
Kinsman, Ohio 44428

To the Board of Trustees:

We have audited the financial statements of the Kinsman Free Public Library, Trumbull County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 7, 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 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 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 June 7, 2000.

This report is intended for the information and use of 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

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
JULY 18, 2000**