



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Salem Public Library, Columbiana County (the Library) as of and for the years ended December 31, 2001 and 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 accounting principles generally accepted in the United States of America.

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 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 April 25, 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 and contracts. 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

April 25, 2002

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$1,002,958			\$1,002,958
Patron Fines and Fees	30,081			30,081
Earnings on Investments	14,165	\$12,539		26,704
Services Provided to Other Entities	207			207
Contributions, Gifts and Donations	20,540		25,000	45,540
Miscellaneous Receipts	2,149			2,149
	<u>1,070,100</u>	<u>12,539</u>	<u>25,000</u>	<u>1,107,639</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	576,059			576,059
Purchased and Contracted Services	123,485			123,485
Other Objects	208,695			208,695
Capital Outlay	53,205	1,183		54,388
	<u>961,444</u>	<u>1,183</u>	<u>0</u>	<u>962,627</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>108,656</u>	<u>11,356</u>	<u>25,000</u>	<u>145,012</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		75,000		75,000
Transfers-Out	(75,000)			(75,000)
	<u>(75,000)</u>	<u>75,000</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	33,656	86,356	25,000	145,012
Fund Cash Balances, January 1	<u>297,348</u>	<u>286,164</u>	<u>0</u>	<u>583,512</u>
Fund Cash Balances, December 31	<u>\$331,004</u>	<u>\$372,520</u>	<u>\$25,000</u>	<u>\$728,524</u>
Reserves for Encumbrances, December 31	<u>\$8,654</u>	<u>\$4,527</u>		<u>\$13,181</u>

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

SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$231</u>
Total Operating Cash Receipts	<u>231</u>
Operating Cash Disbursements:	
Library Materials and Information	<u>201</u>
Total Operating Cash Disbursements	<u>201</u>
Operating Income/(Loss)	<u>30</u>
Net Receipts Over/(Under) Disbursements	30
Fund Cash Balances, January 1	<u>5,097</u>
Fund Cash Balances, December 31	<u><u>\$5,127</u></u>

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

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Other Government Grants-In-Aid	\$982,707		\$982,707
Patron Fines and Fees	28,784		28,784
Earnings on Investments	18,888	\$12,683	31,571
Services Provided to Other Entities	110		110
Contributions, Gifts and Donations	16,187		16,187
Miscellaneous Receipts	1,757		1,757
 Total Cash Receipts	 1,048,433	 12,683	 1,061,116
Cash Disbursements:			
Current:			
Salaries and Benefits	546,638		546,638
Purchased and Contracted Services	127,745		127,745
Other Objects	215,542		215,542
Capital Outlay	23,992	34,765	58,757
 Total Cash Disbursements	 913,917	 34,765	 948,682
 Total Cash Receipts Over/(Under) Cash Disbursements	 134,516	 (22,082)	 112,434
Other Financing Receipts/(Disbursements):			
Transfers-In		100,000	100,000
Transfers-Out	(100,000)		(100,000)
 Total Other Financing Receipts/(Disbursements)	 (100,000)	 100,000	
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 34,516	 77,918	 112,434
 Fund Cash Balances, January 1	 262,832	 208,246	 471,078
 Fund Cash Balances, December 31	 \$297,348	 \$286,164	 \$583,512
 Reserves for Encumbrances, December 31	 \$380	 	 \$380

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

SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>321</u>
Total Operating Cash Receipts	<u>321</u>
Operating Cash Disbursements:	
Library Materials and Information	<u>294</u>
Total Operating Cash Disbursements	<u>294</u>
Operating Income/(Loss)	<u>27</u>
Net Receipts Over/(Under) Disbursements	27
Fund Cash Balances, January 1	<u>5,070</u>
Fund Cash Balances, December 31	<u><u>\$5,097</u></u>

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

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Salem City School District Board of Education. 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 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.

Certificates of deposit are valued at cost. 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. 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 the following significant capital projects fund:

Building and Repair Fund - The Library has established this fund for construction and building maintenance projects.

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. 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:

Bowman Trust Fund - This fund is a bequest from the George Bowman, Jr. estate to be used at the Library's discretion.

Endowment Fund - This fund receives 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 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 fund and function 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.

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.

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

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	\$71,424	\$18,303
Certificates of deposit	50,000	25,000
Total deposits	121,424	43,303
STAR Ohio	612,227	545,306
Total investments	612,227	545,306
Total deposits and investments	\$733,651	\$588,609

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,151,347	\$1,045,098	\$106,249
Capital Projects	235,000	5,710	229,290
Fiduciary	300	201	99
Total	\$1,386,647	\$1,051,009	\$335,638

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$989,042	\$1,048,433	\$59,391
Capital Projects	9,000	112,683	103,683
Fiduciary	200	321	121
Total	\$998,242	\$1,161,437	\$163,195

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

3. BUDGETARY ACTIVITY - (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,089,042	\$1,014,297	\$74,745
Capital Projects	175,000	34,765	140,235
Fiduciary	300	294	6
Total	\$1,264,342	\$1,049,356	\$214,986

4. GRANTS-IN-AID AND TAX 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 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 through June 30, 2000 and for 2001. 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

Commercial Insurance

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

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



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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 Trustees:

We have audited the accompanying financial statements of the Salem Public Library, Columbiana County (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 25, 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 and contracts, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

April 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 18, 2002**