



**Auditor of State
Betty Montgomery**

SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS REPORT

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, 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. 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 June 15, 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 15, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$914,418			\$914,418
Patron Fines and Fees	29,322			29,322
Earnings on Investments	3,493	3,747	292	7,532
Services Provided to Other Entities	30			30
Contributions, Gifts and Donations	22,407			22,407
Miscellaneous Receipts	260,886			260,886
Total Cash Receipts	<u>1,230,556</u>	<u>3,747</u>	<u>292</u>	<u>1,234,595</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	612,221			612,221
Purchased and Contracted Services	275,451			275,451
Other Objects	208,763			208,763
Capital Outlay	78,683	8,858		87,541
Total Cash Disbursements	<u>1,175,118</u>	<u>8,858</u>		<u>1,183,976</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>55,438</u>	<u>(5,111)</u>	<u>292</u>	<u>50,619</u>
Fund Cash Balances, January 1	<u>339,036</u>	<u>326,507</u>	<u>25,437</u>	<u>690,980</u>
Fund Cash Balances, December 31	<u>\$394,474</u>	<u>\$321,396</u>	<u>\$25,729</u>	<u>\$741,599</u>
Reserves for Encumbrances, December 31	<u>\$2,270</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 BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Nonexpendable Trust</u>
Operating Cash Disbursements:	
Current:	
Other Objects	\$54
Total Operating Cash Disbursements	<u>54</u>
Operating Income/(Loss)	<u>(54)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>59</u>
Total Non-Operating Cash Receipts	<u>59</u>
Net Receipts Over/(Under) Disbursements	5
Fund Cash Balances, January 1	<u>5,132</u>
Fund Cash Balances, December 31	<u><u>\$5,137</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 AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<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	\$932,553			932,553
Patron Fines and Fees	29,665			29,665
Earnings on Investments	6,010	6,767	437	13,214
Services Provided to Other Entities	132			132
Contributions, Gifts and Donations	13,458			13,458
Miscellaneous Receipts	2,679	36,437		39,116
	<u>984,497</u>	<u>43,204</u>	<u>437</u>	<u>1,028,138</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	602,997			602,997
Purchased and Contracted Services	145,567			145,567
Other Objects	184,481			184,481
Capital Outlay	43,420	89,216		132,636
	<u>976,465</u>	<u>89,216</u>		<u>1,065,681</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,032</u>	<u>(46,012)</u>	<u>437</u>	<u>(37,543)</u>
Fund Cash Balances, January 1	<u>331,004</u>	<u>372,520</u>	<u>25,000</u>	<u>728,524</u>
Fund Cash Balances, December 31	<u>\$339,036</u>	<u>\$326,508</u>	<u>\$25,437</u>	<u>\$690,981</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 BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonexpendable Trust</u>
Operating Cash Disbursements:	
Current:	
Other Objects	90
	<hr/>
Total Operating Cash Disbursements	90
	<hr/>
Operating Income/(Loss)	(90)
	<hr/>
Non-Operating Cash Receipts:	
Earnings on Investments	96
	<hr/>
Total Non-Operating Cash Receipts	96
	<hr/>
Net Receipts Over/(Under) Disbursements	6
Fund Cash Balances, January 1	5,126
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Fund Cash Balances, December 31	<u><u>\$5,132</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, 2003 AND 2002**

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's 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 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.

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 Project 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 enterprise or trust funds). The Library had the following significant capital project 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, 2003 AND 2002
(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 (Expendable Trust Fund) – This fund is a bequest from the George Bowman, Jr. estate to be used at the Library’s discretion.

Endowment Fund (Nonexpendable Trust Fund) - This fund receives interest income to be used by the Library for the purchase of new books in memory of Eva and John Ulicny.

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

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:

	2003	2002
Demand deposits	\$86,080	\$33,871
Certificates of deposit	25,000	25,000
Total deposits	111,080	58,871
STAR Ohio	635,656	637,242
Total investments	635,656	637,242
Total deposits and investments	\$746,736	\$696,113

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.

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

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	\$1,515,168	\$1,177,388	\$337,780
Capital Projects	151,000	8,858	142,142
Fiduciary	20,500	54	20,446
Total	\$1,686,668	\$1,186,300	\$500,368

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,020,967	\$976,465	\$44,502
Capital Projects	254,527	89,216	165,311
Fiduciary	24,300	90	24,210
Total	\$1,299,794	\$1,065,771	\$234,023

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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**SALEM PUBLIC LIBRARY
COLUMBIANA COUNTY**

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

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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS REPORT 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, 2003 and 2002, and have issued our report thereon dated June 15, 2004. 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.

Salem Public Library
Columbiana County
Independent Accountants 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 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

June 15, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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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
JULY 20, 2004**