



**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances General Fund - For the Year Ended December 31, 2000	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Nonexpendable Trust Fund - For the Year Ended December 31, 2000	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances General Fund - For the Year Ended December 31, 1999	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Nonexpendable Trust Fund - For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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INDEPENDENT ACCOUNTANTS' REPORT

Salem Township Public Library
Warren County
535 West Pike Street
Morrow, Ohio 45152

To the Board of Trustees:

We have audited the accompanying financial statements of the Salem Township Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described 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 of the Library as of December 31, 2000 and 1999, 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 July 19, 2001, on our consideration of the Government'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 management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 19, 2001

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GENERAL FUND -
FOR THE YEAR ENDED DECEMBER 31, 2000**

Cash Receipts:	
Government Grants-In-Aid	\$752,451
Patron Fines and Fees	6,018
Earnings on Investments	9,722
Refunds and Reimbursements	<u>1,350</u>
 Total Cash Receipts	 <u>769,541</u>
Cash Disbursements:	
Current:	
Salaries and Benefits	388,398
Supplies	31,767
Purchased and Contracted Services	118,517
Library Materials and Information	168,471
Other Objects	8,663
Capital Outlay	<u>22,732</u>
 Total Cash Disbursements	 <u>738,548</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 30,993
 Fund Cash Balances, January 1	 <u>412,605</u>
 Fund Cash Balances, December 31	 <u><u>\$443,598</u></u>

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

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

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

Operating Cash Receipts:	
Earnings on Investments	<u>\$1,199</u>
Total Operating Cash Receipts	<u>1,199</u>
Operating Cash Disbursements:	
Library Materials and Information	<u>0</u>
Total Cash Disbursements	<u>0</u>
Total Cash Receipts Over/(Under) Cash Disbursements	1,199
Fund Cash Balances, January 1	<u>23,196</u>
Fund Cash Balances, December 31	<u><u>\$24,395</u></u>

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

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GENERAL FUND -
FOR THE YEAR ENDED DECEMBER 31, 1999**

Cash Receipts:	
Government Grants-In-Aid	\$713,219
Patron Fines and Fees	4,944
Earnings on Investments	8,690
Contributions, Gifts and Donations	500
Refunds and Reimbursements	<u>792</u>
 Total Cash Receipts	 <u>728,145</u>
 Cash Disbursements:	
Current:	
Salaries and Benefits	296,881
Supplies	72,128
Purchased and Contracted Services	118,514
Library Materials and Information	111,624
Other Objects	8,740
Capital Outlay	<u>50,460</u>
 Total Cash Disbursements	 <u>658,347</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 69,798
 Fund Cash Balances, January 1	 <u>342,807</u>
 Fund Cash Balances, December 31	 <u><u>\$412,605</u></u>

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

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NONEXPENDABLE TRUST FUND -
FOR THE YEAR ENDED DECEMBER 31, 1999**

Operating Cash Receipts:	
Earnings on Investments	<u>\$1,199</u>
Total Operating Cash Receipts	<u>1,199</u>
Operating Cash Disbursements:	
Library Materials and Information	<u>0</u>
Total Cash Disbursements	<u>0</u>
Total Cash Receipts Over/(Under) Cash Disbursements	1,199
Fund Cash Balances, January 1	<u>21,997</u>
Fund Cash Balances, December 31	<u><u>\$23,196</u></u>

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

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Salem Township Public Library, Warren County, Ohio (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 three-member Board of Trustees appointed by the participating Salem Township Trustees. The Director/Clerk is responsible for fiscal control over the resources and assets of the Library. 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.

Library funds are pooled in a "NOW" checking account. The Library also invests funds in Treasury Notes. Treasury Note investments are valued at par as reported by the bank.

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. Fiduciary Fund (Nonexpendable Trust Fund)

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 one Nonexpendable Trust Fund.

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This fund was established with a bequest in 1986. The bequest states that the funds be invested and reinvested in Government, State or High Grade Municipal Bonds. Use of the income or interest is restricted to the purchase of new books.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

On or about the first day of each year, the Board of Trustees passes an appropriation measure which can be amended during the year. Expenditures and encumbrances may not exceed appropriations.

2. Estimated Resources

On or about the first day of each year, the Board of Trustees accepts, by formal resolution, the total amount from all sources available for expenditure from each fund in the tax budget, with any balances that existed at the end of the preceding year. Upon determination by the Clerk-Treasurer that the revenue collected by the Board will be greater or less than the amount included in the official certificate, the Clerk-Treasurer certifies the amount of the excess or deficiency to the budget commission.

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. The Library had no outstanding encumbrances at December 31, 2000 nor December 31, 1999.

A summary of 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Library.

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$449,993	\$417,801
Treasury Notes	<u>18,000</u>	<u>18,000</u>
Total deposits and investments	<u>\$467,993</u>	<u>\$435,801</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or 2) collateralized by securities pledged by the financial institution.

The Library had \$25,678 in 2000 and \$69,540 in 1999 in deposits which were not secured.

Investments: Treasury Notes are held in book-entry form by the Federal Reserve in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000, and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$743,284	\$769,541	\$26,257
Fiduciary	<u>1,199</u>	<u>1,199</u>	<u>0</u>
Total	<u>\$744,483</u>	<u>\$770,740</u>	<u>\$26,257</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$743,283	\$738,548	\$4,735
Fiduciary	<u>1,199</u>	<u>0</u>	<u>1,199</u>
Total	<u>\$744,482</u>	<u>\$738,548</u>	<u>\$5,934</u>

**SALEM TOWNSHIP PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$721,502	\$728,145	\$6,643
Fiduciary	1,199	1,199	0
Total	\$722,701	\$729,344	\$6,643

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$747,820	\$658,347	\$89,473
Fiduciary	1,199	0	1,199
Total	\$749,019	\$658,347	\$90,672

4. GOVERNMENT 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 contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Salem Township Public Library
Warren County
535 West Pike Street
Morrow, Ohio 45152

To the Board of Trustees:

We have audited the accompanying financial statements of the Salem Township Public Library, Warren County, Ohio (the Library), as of and for the year ended December 31, 2000 and 1999, and have issued our report thereon dated July 19, 2001. 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 the 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*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Library in a separate letter dated July 19, 2001.

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 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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated July 19, 2001.

Salem Township Public Library
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the 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.

Jim Petro
Auditor of State

July 19, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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SALEM TOWNSHIP PUBLIC LIBRARY

WARREN 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
AUGUST 16, 2001**