



**Auditor of State  
Betty Montgomery**



**SALEM TOWNSHIP PUBLIC LIBRARY  
WARREN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – General Fund - For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund - For the Year Ended December 31, 2002.....	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – General Fund - For the Year Ended December 31, 2001.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Nonexpendable Trust Fund - For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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**Auditor of State  
Betty Montgomery**

**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, 2002 and December 31, 2001. 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 fund cash balances of the Library as of December 31, 2002 and December 31, 2001, and its 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 23, 2003 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 Section 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

April 23, 2003

**SALEM TOWNSHIP PUBLIC LIBRARY  
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$699,889
Patron Fines and Fees	11,062
Earnings on Investments	4,102
Miscellaneous Receipts	<u>1,771</u>
Total Cash Receipts	<u>716,824</u>
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	538,083
Purchased and Contracted Services	121,287
Supplies	27,985
Library Materials and Information	97,867
Other Objects	11,770
Capital Outlay	<u>11,771</u>
Total Cash Disbursements	<u>808,763</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(91,939)</u>
Fund Cash Balances, January 1	<u>378,087</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$286,148</u></u></b>

*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 BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>859</u>
Total Non-Operating Cash Receipts	<u>859</u>
<b>Non-Operating Cash Disbursements:</b>	
Library Materials and Information	<u>0</u>
Total Non-Operating Cash Disbursements	<u>0</u>
Net Receipts Over Disbursements	859
Fund Cash Balances, January 1	<u>25,661</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$26,520</u></u></b>

*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 BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**Cash Receipts:**

Property and Other Local Taxes	\$773,552
Patron Fines and Fees	7,429
Earnings on Investments	9,308
Miscellaneous Receipts	<u>2,597</u>
Total Cash Receipts	<u>792,886</u>

**Cash Disbursements:**

Current:	
Salaries and Benefits	515,866
Purchased and Contracted Services	127,099
Supplies	30,752
Library Materials and Information	158,235
Other Objects	9,982
Capital Outlay	<u>16,463</u>
Total Cash Disbursements	<u>858,397</u>

Total Cash Receipts (Under) Cash Disbursements (65,511)

Fund Cash Balances, January 1 443,598

**Fund Cash Balances, December 31 \$378,087**

*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 BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>1,266</u>
Total Non-Operating Cash Receipts	<u>1,266</u>
<b>Non-Operating Cash Disbursements:</b>	
Library Materials and Information	<u>0</u>
Total Non-Operating Cash Disbursements	<u>0</u>
Net Receipts Over Disbursements	1,266
Fund Cash Balances, January 1	<u>24,395</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$25,661</u></u></b>

*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, 2002 AND 2001**

**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 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.

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.

The Library's funds are pooled in a checking account. The Library invests funds in Treasury Notes. The 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.

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.

**SALEM TOWNSHIP PUBLIC LIBRARY  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2002 and 2001 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, 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 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:

	2002	2001
Demand deposits	\$294,668	\$385,748
Total deposits	294,668	385,748
U.S. Treasury Notes	18,000	18,000
Total investments	18,000	18,000
Total deposits and investments	\$312,668	\$403,748

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

**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.

**SALEM TOWNSHIP PUBLIC LIBRARY  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$753,511	\$808,763	(\$55,252)
Nonexpendable Trust	859	0	859
Total	\$754,370	\$808,763	(\$54,393)

  

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$778,344	\$858,397	(\$80,053)
Nonexpendable Trust	1,198	0	1,198
Total	\$779,542	\$858,397	(\$78,855)

**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. The Library has paid all contributions required through December 31, 2002.

**SALEM TOWNSHIP PUBLIC LIBRARY  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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 years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 23, 2003. 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. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 23, 2003.

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

**Betty Montgomery**  
Auditor of State

April 23, 2003



**Auditor of State  
Betty Montgomery**

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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  
MAY 20, 2003**