



**Auditor of State
Betty Montgomery**

**UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Union Township Public Library
Brown County
27 Main Street
Ripley, Ohio 45167

To the Board of Trustees:

We have audited the accompanying financial statements of the Union Township Public Library, Brown County, Ohio (the Library), as of and for the years ended December 31, 2002 and 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2002 and 2001, 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 2, 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

July 2, 2003

**UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Other Government Grants-In-Aid	\$583,506	\$0	\$0	\$583,506
Patron Fines and Fees	15,054			15,054
Interest	590			590
Contributions, Gifts and Donations	1,400			1,400
Miscellaneous Receipts	345			345
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	600,895	0	0	600,895
Cash Disbursements:				
Current:				
Salaries and Benefits	343,488			343,488
Supplies	11,664	1,143		12,807
Purchased and Contracted Services	117,401			117,401
Library Materials and Information	56,961			56,961
Other Objects	2,029			2,029
Capital Outlay	35,626	2,478	21,423	59,527
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	567,169	3,621	21,423	592,213
Total Cash Receipts Over/(Under) Cash Disbursements	33,726	(3,621)	(21,423)	8,682
Fund Cash Balances, January 1	41,793	3,621	22,730	68,144
Fund Cash Balances, December 31	<u>\$75,519</u>	<u>\$0</u>	<u>\$1,307</u>	<u>\$76,826</u>
Reserves for Encumbrances, December 31	<u>\$5,134</u>	<u>\$0</u>	<u>\$1,306</u>	<u>\$6,440</u>

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

**UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Other Government Grants-In-Aid	\$651,427	\$0	\$0	\$651,427
Patron Fines and Fees	11,818			11,818
Interest	2,876			2,876
Contributions, Gifts and Donations	2,425	98,192		100,617
Miscellaneous Receipts	2,507			2,507
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	671,053	98,192	0	769,245
Cash Disbursements:				
Current:				
Salaries and Benefits	300,783			300,783
Supplies	12,408	665		13,073
Purchased and Contracted Services	150,670	4,626	5,000	160,296
Library Materials and Information	51,236			51,236
Other Objects	433			433
Capital Outlay	7,714	89,280	352,454	449,448
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	523,244	94,571	357,454	975,269
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	147,809	3,621	(357,454)	(206,024)
Other Financing Receipts/(Disbursements):				
Transfers-In			137,442	137,442
Transfers-Out	(137,442)			(137,442)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(137,442)	0	137,442	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	10,367	3,621	(220,012)	(206,024)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	31,426	0	242,742	274,168
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$41,793	\$3,621	\$22,730	\$68,144
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$885	\$0	\$0	\$885

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

**UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township Public Library, Brown 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 Union Township Trustees. 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 Deposits

The Library's funds are deposited in an interest-bearing checking account with a local bank. The Library pools its cash to capture the highest rate of return. Interest earnings are distributed to Library funds based upon the Ohio Constitution.

D. Fund Accounting

The Library uses fund accounting to segregate cash deposits 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. Special Revenue

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library received a grant from the Gates Foundation for the purchase of computers during 2001.

3. Capital Project Funds

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 a capital project fund for acquisition and remodeling of a new library.

**UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Board annually approves 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, 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. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH DEPOSITS

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash deposits at December 31 follows:

	2002	2001
Demand deposits	\$76,826	\$68,144

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$674,873	\$572,303	\$102,570
Special Revenue	3,621	3,621	0
Capital Projects	22,729	22,729	0
Total	\$701,223	\$598,653	\$102,570

**UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$728,687	\$661,571	\$67,116
Special Revenue	0	94,571	(94,571)
Capital Projects	228,791	357,454	(128,663)
Total	\$957,478	\$1,113,596	(\$156,118)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Special Revenue and Capital Projects fund by \$94,571 and \$128,663, respectively, for the year ended December 31, 2001.

4. OTHER GOVERNMENTAL 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 based on 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 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

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

- Comprehensive property and general liability
- Vehicles
- Inland Marine

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**Auditor of State
Betty Montgomery**

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

Union Township Public Library
Brown County
27 Main Street
Ripley, Ohio 45167

To the Board of Trustees:

We have audited the accompanying financial statements of the Union Township Public Library, Brown County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 2, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2002-001.

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. 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 July 2, 2003.

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

July 2, 2003

UNION TOWNSHIP PUBLIC LIBRARY
BROWN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Administrative Code, Section 117-8-02, requires that the library adopt annual appropriation measures and provides that spending in excess of budgeted amounts is a violation of law. Expenditures exceeded appropriations in the following funds for the year ended December 31, 2001:

Fund	Appropriations	Actual Expenditures	Variance
Special Revenue	\$ -	\$ 94,571	\$ (94,571)
Capital Projects	228,791	357,454	(128,663)

Failure to appropriate funds prior to expenditure could create negative fund balances. We recommend the Board appropriate all funds prior to disbursement.



**Auditor of State
Betty Montgomery**

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UNION TOWNSHIP PUBLIC LIBRARY

BROWN 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 5, 2003**