



**MIDDLETOWN PUBLIC LIBRARY
BUTLER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MIDDLETOWN PUBLIC LIBRARY
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REPORT OF INDEPENDENT ACCOUNTANTS

Middletown Public Library
Butler County
125 South Broad Street
Middletown, Ohio 45044

To the Board of Trustees:

We have audited the accompanying financial statements of the Middletown Public Library, Butler County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 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, 1999 and 1998, 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 29, 2000 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.

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".

Jim Petro
Auditor of State

June 29, 2000

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**MIDDLETOWN PUBLIC LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
Taxes	\$4,848,637	\$0	\$0	\$4,848,637
Patron Fines and Fees	172,043	0	0	172,043
Earnings on Investments	165,297	0	2,672	167,969
Contributions, Gifts and Donations	543	0	30,394	30,937
Miscellaneous Receipts	14,619	0	0	14,619
	<u>5,201,139</u>	<u>0</u>	<u>33,066</u>	<u>5,234,205</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	2,237,824	0	5,148	2,242,972
Supplies	108,236	0	0	108,236
Purchased and Contracted Services	670,224	2,582	0	672,806
Library Materials & Info	903,940	0	12,500	916,440
Other Objects	12,604	0	0	12,604
Capital Outlay	224,432	255,326	0	479,758
	<u>4,157,260</u>	<u>257,908</u>	<u>17,648</u>	<u>4,432,816</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,043,879</u>	<u>(257,908)</u>	<u>15,418</u>	<u>801,389</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	8,000	0	0	8,000
Transfers-In	0	250,000	0	250,000
Transfers-Out	(250,000)	0	0	(250,000)
	<u>(242,000)</u>	<u>250,000</u>	<u>0</u>	<u>8,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	801,879	(7,908)	15,418	809,389
Fund Cash Balances, January 1	<u>1,948,978</u>	<u>1,355,529</u>	<u>72,374</u>	<u>3,376,881</u>
Fund Cash Balances, December 31	<u>\$2,750,857</u>	<u>\$1,347,621</u>	<u>\$87,792</u>	<u>\$4,186,270</u>
Reserves for Encumbrances, December 31	<u>\$276,341</u>	<u>\$88,219</u>	<u>\$10,000</u>	<u>\$374,560</u>

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

**MIDDLETOWN PUBLIC LIBRARY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Taxes	\$4,334,155	\$0	\$0	\$4,334,155
Patron Fines and Fees	162,935	0	0	162,935
Earnings on Investments	130,608	0	2,331	132,939
Contributions, Gifts and Donations	1,555	0	19,374	20,929
Miscellaneous Receipts	10,570	0	0	10,570
Total Cash Receipts	<u>4,639,823</u>	<u>0</u>	<u>21,705</u>	<u>4,661,528</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,966,343	0	2,598	1,968,941
Supplies	110,441	0	0	110,441
Purchased and Contracted Services	634,050	0	0	634,050
Library Materials & Info	812,217	0	7,000	819,217
Other Objects	11,329	0	0	11,329
Capital Outlay	201,258	72,273	0	273,531
Total Cash Disbursements	<u>3,735,638</u>	<u>72,273</u>	<u>9,598</u>	<u>3,817,509</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>904,185</u>	<u>(72,273)</u>	<u>12,107</u>	<u>844,019</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	11,091	0	0	11,091
Transfers-In	0	350,000	0	350,000
Transfers-Out	(350,000)	0	0	(350,000)
Total Other Financing Receipts/(Disbursements)	<u>(338,909)</u>	<u>350,000</u>	<u>0</u>	<u>11,091</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	565,276	277,727	12,107	855,110
Fund Cash Balances, January 1	<u>1,383,702</u>	<u>1,077,802</u>	<u>60,267</u>	<u>2,521,771</u>
Fund Cash Balances, December 31	<u>\$1,948,978</u>	<u>\$1,355,529</u>	<u>\$72,374</u>	<u>\$3,376,881</u>
Reserves for Encumbrances, December 31	<u>\$256,457</u>	<u>\$91,162</u>	<u>\$0</u>	<u>\$347,619</u>

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

**MIDDLETOWN PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Middletown Public Library, Butler 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 an appointed six-member Board of 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 and Investments

Certificates of deposit are valued at cost.

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 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 trust funds. The Library had the following significant capital project fund:

Building & Repair Fund - This fund is used to record receipts and expenditures associated with the Library building repairs.

3. Fiduciary Fund (Expendable Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. The Library had the following significant expendable trust fund:

Education Fund - This fund is used to record receipts and expenditures associated with the purchase of materials designated by donations.

**MIDDLETOWN PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Memorial Fund - This fund is used to record receipts and expenditures associated with trust donations.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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.

A summary of 1999 and 1998 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 in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as liabilities under the cash basis of accounting used by the Library.

2. CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 219,270	\$ 123,881
Certificates of deposit	<u>3,967,000</u>	<u>3,253,000</u>
Total deposits	<u>\$4,186,270</u>	<u>\$3,376,881</u>

**MIDDLETOWN PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. CASH AND DEPOSITS (Continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,206,037	\$5,209,139	\$3,102
Capital Projects	250,000	250,000	0
Expendable Trust	33,066	33,067	1
Total	<u>\$5,489,103</u>	<u>\$5,492,206</u>	<u>\$3,103</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,162,766	\$4,683,601	\$1,479,165
Capital Projects	611,162	346,127	265,035
Expendable Trust	26,000	27,648	(1,648)
Total	<u>\$6,799,928</u>	<u>\$5,057,376</u>	<u>\$1,742,552</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,645,725	\$4,650,914	\$5,189
Capital Projects	350,000	350,000	0
Expendable Trust	21,625	21,705	80
Total	<u>\$5,017,350</u>	<u>\$5,022,619</u>	<u>\$5,269</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,154,018	\$4,342,095	\$81,192
Capital Projects	483,459	163,435	320,024
Expendable Trust	20,000	9,598	10,402
Total	<u>\$5,657,477</u>	<u>\$4,515,128</u>	<u>\$1,142,349</u>

**MIDDLETOWN PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. 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 a percentage of sales taxes and allocated on a per capita base. 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. The Library has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability



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

Middletown Public Library
Butler County
125 South Broad Street
Middletown, Ohio 45044

To the Board of Trustees:

We have audited the accompanying financial statements of the Middletown Public Library, Butler County, Ohio (the Library), as of and for the years ended December, 31 1999 and 1998, and have issued our report thereon dated June 29, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits, we considered 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 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 29, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MIDDLETOWN PUBLIC LIBRARY

BUTLER

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 22, 2000**