



**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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REPORT OF INDEPENDENT ACCOUNTANTS

Troy-Miami County Public Library
Miami County
419 W. Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of the Troy-Miami County Public Library, Miami County, (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 audit.

We conducted our audit 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 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 reserve for encumbrances of the Troy-Miami County Public Library, Miami County, 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 February 2, 2001, 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 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.

Jim Petro
Auditor of State

February 2, 2001

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**TROY-MIAMI PUBLIC LIBRARY
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,639,956	\$0	\$0	\$1,639,956
Other Government Grants-In-Aid	97			97
Patron Fines and Fees	51,492			51,492
Earnings on Investments	50,099			50,099
Contributions, Gifts and Donations	31,601			31,601
Miscellaneous Receipts	2,614		6,460	9,074
Total Cash Receipts	<u>1,775,859</u>	<u>0</u>	<u>6,460</u>	<u>1,782,319</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	867,215		6,460	873,675
Purchased and Contracted Services	179,401			179,401
Supplies	42,940			42,940
Library Materials & Information	310,539			310,539
Other Objects	4,159			4,159
Capital Outlay	87,986			87,986
Total Cash Disbursements	<u>1,492,240</u>	<u>0</u>	<u>6,460</u>	<u>1,498,700</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>283,619</u>	<u>0</u>	<u>0</u>	<u>283,619</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		334,298		334,298
Transfers-Out	(334,298)			(334,298)
Total Other Financing Receipts/(Disbursements)	<u>(334,298)</u>	<u>334,298</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(50,679)	334,298	0	283,619
Fund Cash Balances, January 1	215,582	425,416		640,998
Fund Cash Balances, December 31	<u>\$164,903</u>	<u>\$759,714</u>	<u>\$0</u>	<u>\$924,617</u>
Reserves for Encumbrances, December 31	<u>\$55,699</u>	<u>\$0</u>	<u>\$0</u>	<u>\$55,699</u>

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

**TROY-MIAMI PUBLIC LIBRARY
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,483,099	\$0	\$0	\$1,483,099
Patron Fines and Fees	51,395			51,395
Earnings on Investments	30,974			30,974
Contributions, Gifts and Donations	11,887			11,887
Miscellaneous Receipts	2,852		5,930	8,782
Total Cash Receipts	<u>1,580,207</u>	<u>0</u>	<u>5,930</u>	<u>1,586,137</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	813,958		5,930	819,888
Purchased and Contracted Services	179,560			179,560
Supplies	35,044			35,044
Library Materials and Information	288,898			288,898
Other Objects	4,096			4,096
Capital Outlay	119,442			119,442
Total Cash Disbursements	<u>1,440,998</u>	<u>0</u>	<u>5,930</u>	<u>1,446,928</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>139,209</u>	<u>0</u>	<u>0</u>	<u>139,209</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		270,201		270,201
Transfers-Out	(270,201)			(270,201)
Total Other Financing Receipts/(Disbursements)	<u>(270,201)</u>	<u>270,201</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(130,992)</u>	<u>270,201</u>	<u>0</u>	<u>139,209</u>
Fund Cash Balances, January 1	<u>346,574</u>	<u>155,215</u>	<u>0</u>	<u>501,789</u>
Fund Cash Balances, December 31	<u>\$215,582</u>	<u>\$425,416</u>	<u>\$0</u>	<u>\$640,998</u>
Reserves for Encumbrances, December 31	<u>\$68,218</u>	<u>\$0</u>	<u>\$0</u>	<u>\$68,218</u>

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

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Troy-Miami County Public Library, Miami 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 the State of Ohio. The Library is directed by a publicly- elected seven-number Board of Trustees appointed by the local 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. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Library maintains interest bearing checking and savings accounts. Star Ohio investments 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.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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 enterprise or trust funds). The Library had the following significant capital project funds:

Building Fund - received monies transferred from the General Fund to fund building repairs and improvements.

Bookmobile Replacement Fund - receives monies transferred from General Fund for the replacement of the Library's bookmobile

3. Agency Fund

This fund is used to account for receipts that are restricted for the Flexible Benefit Plan that is administered by the Library. During February 1998, the Board of Trustees passed a resolution amending the cafeteria plan allowing its employees to participate in a flexible benefits plan, hereafter referred to as FSA. The Library operates the FSA within the context of Section 125 of the Internal Revenue Code following all the rules and guidelines set forth. The employees participating in such plan designate how much they want to contribute on a semi-monthly payroll deduction up to \$1,200 per fiscal year. The contributions are then deposited into an agency fund and distributed to employees presenting "allowable" expenses to the Clerk-Treasurer. All participating employees have until March 31, of the following year to turn in bills dated before December 31 of the previous year. Any funds left in any account at that time will be turned over to the Troy-Miami County Public Library General Fund.

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, function, and object level of control, and appropriations may not exceed estimated resources. The Council must approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 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 and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

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	\$917,018	\$633,857
STAR Ohio	7,599	7,141
Total deposits and investments	\$924,618	\$640,998

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or 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.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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

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	\$1,775,859	\$1,775,859	\$0
Capital Projects	334,298	334,298	0
Fiduciary	0	6,460	6,460
Total	<u>\$2,110,157</u>	<u>\$2,116,617</u>	<u>\$6,460</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,891,455	\$1,882,237	\$9,218
Capital Projects	0	0	0
Fiduciary	6,460	6,460	0
Total	<u>\$1,897,915</u>	<u>\$1,888,697</u>	<u>\$9,218</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,580,207	\$1,580,207	\$0
Capital Projects	37,500	270,201	232,701
Fiduciary	6,600	5,930	(670)
Total	<u>\$1,624,307</u>	<u>\$1,856,338</u>	<u>\$232,031</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,787,554	\$1,779,417	\$8,137
Capital Projects	20,000	0	20,000
Fiduciary	6,600	5,930	670
Total	<u>\$1,814,154</u>	<u>\$1,785,347</u>	<u>\$28,807</u>

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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

4. STATE INCOME TAXES

The primary sources of revenue for the Library is the State Library and Local Government Support fund (LLGSF), created by the State Legislature. The LLGSF is allocated to each county based on the county's prior intangible tax or LLGSF revenues, and its population.

The Miami County Budget Commission Allocates these funds to each qualified public library board based on the needs of such library for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to any library on account of any additional revenues realized by such 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, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Library also provides life insurance, health insurance and dental coverage to full-time employees through a private carrier.

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

Troy-Miami County Public Library
Miami County
419 W. Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of the Troy-Miami County Public Library, Miami County, (the Library), as of and for the years ended December 31, 2000, and 1999, and have issued our report thereon dated February 2, 2001. We conducted our audit 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 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 February 2, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, 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. However, we noted a 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 February 2, 2001.

This report is intended for the information and use of management, and 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

February 2, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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TROY-MIAMI COUNTY PUBLIC LIBRARY

MIAMI 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
APRIL 10, 2001**