



OHIO AUDITOR OF STATE  
**KEITH FABER**





MILTON UNION PUBLIC LIBRARY  
MIAMI COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

Milton Union Public Library  
Miami County  
560 South Main Street  
West Milton, Ohio 45383

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Milton Union Public Library, Miami County, (the Library) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance, receipts and disbursements for the general fund, and related notes of Milton Union Public Library, Miami County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2019, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Keith Faber**  
Auditor of State  
Columbus, Ohio

January 17, 2019

**MILTON UNION PUBLIC LIBRARY  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>General</b>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$109,461
Public Library	348,761
Intergovernmental	18,257
Patron Fines and Fees	5,680
Contributions, Gifts and Donations	10,397
Earnings on Investments	1,238
Miscellaneous	2,337
Total Cash Receipts	496,131
<b>Cash Disbursements</b>	
<b>Current:</b>	
Public Services and Programs	466,865
Total Cash Disbursements	466,865
Excess of Receipts Over (Under) Disbursements	29,266
Fund Cash Balances, January 1	502,087
<b>Fund Cash Balances, December 31:</b>	
Committed	2,000
Unassigned	529,353
Fund Cash Balances, December 31	\$531,353

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

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**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The Milton-Union Public Library (the Library), Miami County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Milton-Union Exempted Village School Board of Education appoints a seven-member Board of Trustees to govern 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.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Library is presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Board must annually approve 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 2017 budgetary activity appears in Note 3.

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Deposits and Investments***

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$488,821	\$496,131	\$7,310
Total	\$488,821	\$496,131	\$7,310

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$832,011	\$466,865	\$365,146
Total	\$832,011	\$466,865	\$365,146

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$239,135
Certificates of deposit	101,591
Other time deposits (savings and NOW accounts)	158,591
Total deposits	499,317
STAR Ohio	32,036
Total investments	32,036
Total deposits and investments	\$531,353

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**Note 6 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Library’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants’ gross salaries. The Library has paid all contributions required through December 31, 2017.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 – 2018</i>	<i>10%</i>	<i>14%</i>

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1 percent during calendar year 2017.

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**MILTON UNION PUBLIC LIBRARY  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General</b>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$108,955
Public Library	347,359
Intergovernmental	18,539
Patron Fines and Fees	6,341
Contributions, Gifts and Donations	12,169
Earnings on Investments	649
Miscellaneous	2,486
Total Cash Receipts	496,498
<b>Cash Disbursements</b>	
<b>Current:</b>	
Public Services and Programs	480,537
Total Cash Disbursements	480,537
Excess of Receipts Over (Under) Disbursements	15,961
Fund Cash Balances, January 1	486,126
<b>Fund Cash Balances, December 31:</b>	
Committed	2,000
Assigned	158,090
Unassigned	341,997
Fund Cash Balances, December 31	\$502,087

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**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$496,498	\$496,498	\$0
Total	\$496,498	\$496,498	\$0

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$841,300	\$484,670	\$356,630
Total	\$841,300	\$484,670	\$356,630

**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	\$211,107
Certificates of deposit	100,711
Other time deposits (savings and NOW accounts)	158,573
Total deposits	470,391
STAR Ohio	31,696
Total investments	31,696
Total deposits and investments	\$502,087

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**Note 6 - Risk Management**

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**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Milton-Union Public Library**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 - Defined Benefit Pension Plans**

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2016</i>	<i>10%</i>	<i>14%</i>

***Ohio Public Employees Retirement System***

Library employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Milton Union Public Library  
Miami County  
560 South Main Street  
West Milton, Ohio 45383

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Milton Union Public Library, Miami County, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2019 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Keith Faber**  
Auditor of State  
Columbus, Ohio

January 17, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**MILTON UNION 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  
FEBRUARY 26, 2019**