



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



## TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
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 .....	3
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, 1998 .....	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

Flesh Public Library  
Miami County  
124 W. Greene Street  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of the Flesh Public Library, Miami 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 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 1998, 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 11, 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 management and 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

April 11, 2000



**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>Expendable Trust</u>	
<b>Cash Receipts:</b>				
State Income Taxes	\$760,472			\$760,472
Patron Fines and Fees	20,871			20,871
Earnings on Investments	20,137	7,524	133	27,794
Contributions, Gifts and Donations	6,033		7,123	13,156
Miscellaneous Receipts	3,190	0	0	3,190
Total Cash Receipts	<u>810,703</u>	<u>7,524</u>	<u>7,256</u>	<u>825,483</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	394,048			394,048
Supplies	19,054		2,951	22,005
Purchased and Contracted Services	85,952		2,556	88,508
Library Materials and Information	148,235		339	148,574
Capital Outlay	46,644			46,644
Refunds and Reimbursements	101	0	0	101
Total Cash Disbursements	<u>694,034</u>	<u>0</u>	<u>5,846</u>	<u>699,880</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>116,669</u>	<u>7,524</u>	<u>1,410</u>	<u>125,603</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		140,000		140,000
Transfers-Out	(140,000)	0	0	(140,000)
Total Other Financing Receipts/(Disbursements)	<u>(140,000)</u>	<u>140,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,331)	147,524	1,410	125,603
Fund Cash Balances, January 1	<u>251,732</u>	<u>233,467</u>	<u>1,229</u>	<u>486,428</u>
<b>Fund Cash Balances, December 31</b>	<u>\$228,401</u>	<u>\$380,991</u>	<u>\$2,639</u>	<u>\$612,031</u>
Reserves for Encumbrances, December 31	<u>\$22,849</u>	<u>\$0</u>	<u>\$2,245</u>	<u>\$25,094</u>

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

**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, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
State Income Taxes	\$685,383			\$685,383
Patron Fines and Fees	21,217			21,217
Earnings on Investments	24,235	1,652	22	25,909
Contributions, Gifts and Donations	15,650		2,692	18,342
Miscellaneous Receipts	9,645	0	0	9,645
<b>Total Cash Receipts</b>	<u>756,130</u>	<u>1,652</u>	<u>2,714</u>	<u>760,496</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	370,210			370,210
Supplies	18,670		8	18,678
Purchased and Contracted Services	75,975		2,792	78,767
Library Materials and Information	140,226		205	140,431
Capital Outlay	44,067			44,067
Dues and Memberships	2,094			2,094
Refunds and Reimbursements	48	0	0	48
<b>Total Cash Disbursements</b>	<u>651,290</u>	<u>0</u>	<u>3,005</u>	<u>654,295</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>104,840</u>	<u>1,652</u>	<u>(291)</u>	<u>106,201</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		100,000		100,000
Transfers-Out	(100,000)	0	0	(100,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(100,000)</u>	<u>100,000</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>4,840</u>	<u>101,652</u>	<u>(291)</u>	<u>106,201</u>
<b>Fund Cash Balances, January 1</b>	<u>246,892</u>	<u>131,815</u>	<u>1,520</u>	<u>380,227</u>
<b>Fund Cash Balances, December 31</b>	<u>\$251,732</u>	<u>\$233,467</u>	<u>\$1,229</u>	<u>\$486,428</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$51,477</u>	<u>\$0</u>	<u>\$115</u>	<u>\$51,592</u>

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Flesh 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 seven-member Board of Trustees appointed by Piqua City School District's Board of Education. The Library provides printed and audio visual materials to educate, entertain, and inform the public free of charge.

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**

The Library's cash is deposited in checking, money market, and payroll accounts. There were no investments during the audit period.

**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 Fund**

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 the following significant capital project fund:

Building Fund - It accounts for the capital improvements of the Library.

**3. Fiduciary Fund (Trust and Agency Funds)**

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. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund:

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

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

**D. Fund Accounting (Continued)**

Museum Fund - It accounts for the donations and contributions of patrons, which is an expendable trust fund.

**E. Budgetary Process**

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

**2. Appropriations**

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

**3. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**4. 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 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.

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

**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>1999</u>	<u>1998</u>
Demand deposits	\$612,031	\$486,428

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation and (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	\$809,800	\$810,703	\$903
Capital Projects	148,500	147,524	(976)
Fiduciary	7,175	7,256	81
Total	\$965,475	\$965,483	\$8

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$965,827	\$856,883	\$108,944
Capital Projects	232,250	0	232,250
Fiduciary	9,115	8,091	1,024
Total	\$1,207,192	\$864,974	\$342,218

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$709,600	\$756,130	\$46,530
Capital Projects	2,250	101,652	99,402
Fiduciary	2,750	2,714	(36)
Total	\$714,600	\$860,496	\$145,896

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

**3. BUDGETARY ACTIVITY (CONT.)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$798,239	\$802,767	(\$4,528)
Capital Projects	48,000	0	48,000
Fiduciary	3,881	3,120	761
Total	\$850,120	\$805,887	\$44,233

**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 on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

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

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Boiler and Machinery Coverage

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

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

Flesh Public Library  
Miami County  
124 W. Greene Street  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of the Flesh Public Library, Miami County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 11, 2000. 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 April 11, 2000.

**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 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 April 11, 2000.

This report is intended for the information and use of the 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

April 11, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**FLESH 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  
MAY 9, 2000**