



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MILTON - UNION PUBLIC LIBRARY
MIAMI COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To The Board of Trustees:

We have audited the accompanying financial statements of the Milton-Union Public Library, (the Library) as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general-purpose 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.

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 Milton Union Public Library, Miami County, 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 16, 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, 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 16, 2000

**MILTON-UNION LIBRARY
MIAMI COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$409,632		\$409,632
Patron Fines and Fees	11,690		11,690
Earnings on Investments	16,957		16,957
Miscellaneous Receipts	1,317		1,317
	<hr/>		<hr/>
Total Cash Receipts	439,596		439,596
Cash Disbursements:			
Current:			
Salaries and Benefits	217,312		217,312
Supplies	10,357		10,357
Purchased and Contracted Services	44,503		44,503
Library Materials and Information	62,806		62,806
Capital Outlay	46,680		46,680
Other Miscellaneous Expenses	1,440		1,440
	<hr/>		<hr/>
Total Cash Disbursements	383,098		383,098
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>		<hr/>
	56,498		56,498
Other Financing Receipts/(Disbursements):			
Transfers-In		73,933	73,933
Transfers-Out	(73,933)		(73,933)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(73,933)	73,933	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,435)	73,933	56,498
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	54,189	265,504	319,693
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$36,754	\$339,437	\$376,191
Reserves for Encumbrances, December 31	<hr/>		<hr/>
	\$6,754		\$6,754

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

**MILTON-UNION LIBRARY
MIAMI COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
State Income Taxes	\$368,822		\$368,822
Patron Fines and Fees	10,439		10,439
Earnings on Investments	13,451		13,451
Miscellaneous Receipts	4,149		4,149
	<hr/>		<hr/>
Total Cash Receipts	396,861		396,861
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	200,357		200,357
Supplies	7,460		7,460
Purchased and Contracted Services	56,816		56,816
Library Materials and Information	62,810		62,810
Capital Outlay	24,528		24,528
Other Miscellaneous Expenses	301		301
	<hr/>		<hr/>
Total Cash Disbursements	352,272		352,272
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	44,589		44,589
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In		44,122	44,122
Transfers-Out	(44,122)		(44,122)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(44,122)	44,122	
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	467	44,122	44,589
	<hr/>		<hr/>
Fund Cash Balances, January 1	53,722	221,382	275,104
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$54,189	\$265,504	\$319,693
	<hr/>		<hr/>
Reserves for Encumbrances, December 31	\$24,154		24,154
	<hr/>		<hr/>

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

**MILTON - UNION PUBLIC LIBRARY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Milton-Union 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 appointed seven 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

The Library participates in the State Treasurer's investment pool (STAR Ohio).

D. Fund Accounting

The Library uses fund accounting. The Library classifies its funds into the following types:

GOVERNMENTAL FUND TYPES:

Governmental funds are those which all governmental functions of the Library are reported. The following are the Library's governmental fund 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 enterprise or trust funds). The Library had the following significant capital project funds:

Building Repair Fund - Money was transferred from the General Fund to the Building Repair Fund to be used for capital improvements and repairs.

Computer Replacement Fund - Money is used to add and replace internal computers.

**MILTON - UNION PUBLIC LIBRARY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

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	<u>\$35,971</u>	<u>\$44,406</u>
STAR Ohio	<u>340,220</u>	<u>275,287</u>
Total deposits and investments	<u><u>\$376,191</u></u>	<u><u>\$319,693</u></u>

**MILTON - UNION PUBLIC LIBRARY
MIAMI COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

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	\$411,200	\$439,596	\$28,396
Capital Projects	100	73,933	73,833
Total	<u>\$411,300</u>	<u>\$513,529</u>	<u>\$102,229</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$488,206	\$463,785	\$24,421
Capital Projects	0	0	0
Total	<u>\$488,206</u>	<u>\$463,785</u>	<u>\$24,421</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$361,200	\$396,861	\$35,661
Capital Projects	0	44,122	44,122
Total	<u>\$361,200</u>	<u>\$440,983</u>	<u>\$79,783</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$413,200	\$420,548	(\$7,348)
Capital Projects	0	0	0
Total	<u>\$413,200</u>	<u>\$420,548</u>	<u>(\$7,348)</u>

**MILTON - UNION PUBLIC LIBRARY
MIAMI COUNTY**

**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 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. 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.

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 health insurance and dental and vision 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**

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

To the Board of Trustees:

We have audited the financial statements of the Milton-Union Public Library, (The Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 16, 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 non-compliance that we have reported to management of the Library in a separate letter dated June 16, 2000.

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 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 June 16, 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", written in a cursive style.

Jim Petro
Auditor of State

June 16, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
AUGUST 1, 2000**