



**TIPP CITY PUBLIC LIBRARY
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TIPP CITY PUBLIC LIBRARY
MIAMI COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Tipp City Public Library
Miami County
11 East Main Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the accompanying financial statements of the Tipp City 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 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 management, the 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.

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Jim Petro
Auditor of State

June 16, 2000

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**TIPP CITY LIBRARY
MIAMI COUNTY**

**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:			
Taxes	\$553,581		\$553,581
Patron Fines and Fees	16,830		16,830
Earnings on Investments	15,789		15,789
Contributions, Gifts and Donations	5,707		5,707
Miscellaneous Receipts	849		849
	<hr/>		<hr/>
Total Cash Receipts	592,756	0	592,756
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	336,366		336,366
Purchased and Contracted Services	41,705		41,705
Supplies	10,699		10,699
Library Materials	72,193		72,193
Other Objects	1,510		1,510
Capital Outlay	37,909		37,909
	<hr/>		<hr/>
Total Cash Disbursements	500,382	0	500,382
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	92,374	0	92,374
	<hr/>		<hr/>
Fund Cash Balances, January 1, 1999	277,496	9,485	286,981
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1999	<u>\$369,870</u>	<u>\$9,485</u>	<u>\$379,355</u>
	<hr/>		<hr/>
Reserves for Encumbrances, December 31, 1999	<u>\$28,923</u>	<u>\$0</u>	<u>\$28,923</u>

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

**TIPP CITY LIBRARY
MIAMI COUNTY**

**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:			
Taxes	\$516,686		\$516,686
Patron Fines and Fees	16,325		16,325
Earnings on Investments	9,657		9,657
Contributions, Gifts and Donations	8,278		8,278
Miscellaneous Receipts	654		654
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	551,600	0	551,600
Cash Disbursements:			
Current:			
Salaries and Benefits	319,457		319,457
Purchased and Contracted Services	41,008		41,008
Supplies	11,620		11,620
Library Materials	71,231		71,231
Other Objects	1,195		1,195
Capital Outlay	19,994		19,994
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	464,505	0	464,505
Total Cash Receipts Over/(Under) Cash Disbursements	87,095	0	87,095
Fund Cash Balances, January 1, 1998	190,401	9,485	199,886
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1998	<u>\$277,496</u>	<u>\$9,485</u>	<u>\$286,981</u>
Reserves for Encumbrances, December 31, 1998	<u>\$19,873</u>	<u>\$0</u>	<u>\$19,873</u>

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

**TIPP CITY 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

Tipp City 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 the Tipp City Exempted Village School Board. 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

All funds are maintained in checking or money market accounts.

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

The Capital Project Fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

**TIPP CITY 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

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.

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 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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$379,355</u>	<u>\$286,981</u>

Deposits: Deposits are either (1) insured by the Federal Savings & Loan Insurance Corporation, or (2) collateralized by a line of credit payable to the Library.

**TIPP CITY PUBLIC LIBRARY
MIAMI COUNTY**

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

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	\$527,050	\$592,756	\$65,706
Capital Projects	0	0	0
Total	\$527,050	\$592,756	\$65,706

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$754,873	\$529,305	\$225,568
Capital Projects	9,000	0	9,000
Total	\$763,873	\$529,305	\$234,568

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$551,600	\$551,600	\$0
Capital Projects	0	0	0
Total	\$551,600	\$551,600	\$0

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$613,708	\$484,378	\$129,330
Capital Projects	9,000	0	9,000
Total	\$622,708	\$484,378	\$138,330

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 as a result of any additional revenues realized by the Library.

**TIPP CITY PUBLIC LIBRARY
MIAMI COUNTY**

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

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
- Errors and omissions
- Public Official Bonds

7. SUBSEQUENT EVENTS

The Library authorized a contract for library automation on February 24, 2000, for the amount of \$61,000 and on April 6, 2000, authorized contracts for a roofing project and air conditioning replacement in the amounts of \$33,700 and \$12,700, respectively.



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

Tipp City Public Library
Miami County
11 East Main Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the accompanying financial statements of the Tipp City 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 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 noncompliance 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 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 June 16, 2000.

Tipp City Public Library
Miami County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the Library's 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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 16, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TIPP CITY 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
JULY 18, 2000**