



**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Milan-Berlin Township Public Library  
Erie County  
19 East Church Street  
P.O. Box 1550  
Milan, Ohio 44846-1550

To the Board of Trustees:

We have audited the accompanying financial statements of Milan-Berlin Township Public Library (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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 audits provide 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 reserves for encumbrances of the Library 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 October 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 audits.

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.

**Jim Petro**  
Auditor of State

October 2, 2001

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**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

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

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Capital Projects</b>
<b>Cash Receipts:</b>		
Property and Other Local Taxes	\$144,969	
Government Grants-In-Aid	449,458	
Patron Fines and Fees	12,205	
Earnings on Investments	33,215	
Contributions, Gifts and Donations		
Miscellaneous Receipts	241	
	640,088	
Total Cash Receipts	640,088	
<b>Cash Disbursements:</b>		
Current:		
Salaries and Benefits	268,232	
Purchased and Contracted Services	54,922	
Other Objects	158,188	
Capital Outlay	42,362	\$1,011
	523,704	1,011
Total Cash Disbursements	523,704	1,011
Total Cash Receipts Over/(Under) Cash Disbursements	116,384	(1,011)
<b>Other Financing Receipts/(Disbursements):</b>		
Transfers-In		50,000
Transfers-Out	(50,000)	
	(50,000)	50,000
Total Other Financing Receipts/(Disbursements)	(50,000)	50,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	66,384	48,989
Fund Cash Balances, January 1	155,507	269,404
<b>Fund Cash Balances, December 31</b>	<b>\$221,891</b>	<b>\$318,393</b>
Reserves for Encumbrances, December 31	\$35,942	

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



<u>Fiduciary Fund Types</u>		<u>Totals</u>
<u>Expendable Trust</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
		\$144,969
		449,458
		12,205
\$83,087	\$569	116,871
174,298		174,298
		241
<u>257,385</u>	<u>569</u>	<u>898,042</u>
		268,232
		54,922
1,352		159,540
40,675		84,048
<u>42,027</u>		<u>566,742</u>
<u>215,358</u>	<u>569</u>	<u>331,300</u>
		50,000
		(50,000)
215,358	569	331,300
1,541,309	22,724	1,988,944
<u><b>\$1,756,667</b></u>	<u><b>\$23,293</b></u>	<u><b>\$2,320,244</b></u>
<u>\$1,100</u>		<u>\$37,042</u>

**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

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

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Capital Projects</b>
<b>Cash Receipts:</b>		
Property and Other Local Taxes	\$118,906	
Government Grants-In-Aid	427,711	
Patron Fines and Fees	11,210	
Earnings on Investments	19,040	
Contributions, Gifts and Donations		
Miscellaneous Receipts	55	
	576,922	
Total Cash Receipts	576,922	
<b>Cash Disbursements:</b>		
Current:		
Salaries and Benefits	237,114	
Purchased and Contracted Services	67,672	
Other Objects	149,113	
Capital Outlay	29,427	\$650
	483,326	650
Total Cash Disbursements	483,326	650
Total Cash Receipts Over/(Under) Cash Disbursements	93,596	(650)
<b>Other Financing Receipts/(Disbursements):</b>		
Transfers-In		78,000
Transfers-Out	(78,000)	
	(78,000)	78,000
Total Other Financing Receipts/(Disbursements)	(78,000)	78,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,596	77,350
Fund Cash Balances, January 1	139,911	192,054
<b>Fund Cash Balances, December 31</b>	<b>\$155,507</b>	<b>\$269,404</b>
Reserves for Encumbrances, December 31	\$13,994	

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

<u>Fiduciary Fund Types</u>		<u>Totals</u>
<u>Expendable Trust</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
		\$118,906
		427,711
		11,210
\$112,703	\$2,060	133,803
3,223		3,223
		55
<u>115,926</u>	<u>2,060</u>	<u>694,908</u>
		237,114
		67,672
936	210	150,259
		30,077
<u>936</u>	<u>210</u>	<u>485,122</u>
<u>114,990</u>	<u>1,850</u>	<u>209,786</u>
		78,000
		(78,000)
114,990	1,850	209,786
<u>1,426,319</u>	<u>20,874</u>	<u>1,779,158</u>
<b><u>\$1,541,309</u></b>	<b><u>\$22,724</u></b>	<b><u>\$1,988,944</u></b>
		<u>\$13,994</u>

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**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Milan-Berlin Township Public Library, Erie 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 Berlin-Milan 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.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Corporate equity securities, Treasury securities, and other federal securities 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.

**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

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

**2. Capital Project Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project fund:

*Building and Repair Fund* - This fund receives excess tax revenues from the General Fund to be used for construction and repair of the Library's two branch buildings.

**3. Fiduciary Funds (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 funds:

*Williams Fund* - This fund was set up as a bequest given to the Library to be used for Library purposes.

*Harley Brownell Gibbs Trust* - This fund was set up as a bequest given to the Library to be used for Library purposes.

**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 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 2000 and 1999 budgetary activity appears in Note 3.

**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

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

**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>2000</u>	<u>1999</u>
Demand deposits	(\$12,918)	(\$4,988)
Certificates of deposit	555,251	304,287
Total deposits	542,333	299,299
Trust Investment Account:		
Money Market Funds	112,207	170,670
Corporate Equity Securities	521,581	342,385
Treasury and Federal Agency Bonds	149,510	199,510
Corporate Bonds	100,000	
Total Investments - Trust Investment Account	883,298	712,565
Other Investments:		
Money Market Funds	63,201	51,244
Corporate Equity Securities	4,176	4,176
STAR Ohio	827,236	921,660
Total Other Investments	894,613	977,080
Total investments	1,777,911	1,689,645
Total deposits and investments	\$2,320,244	\$1,988,944

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

**Investments:** Corporate equity securities bequeathed to the Library are held in a safe deposit box. U.S. Treasury and Federal Agency Bonds held in the Trust Investment Account are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. Other investments held in the Trust Investment Account are held by the trustee in the name of the Library. The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio and Money Market Funds are not evidenced by securities that exist in physical or book-entry form.

**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE 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	\$588,724	\$640,088	\$51,364
Capital Projects		50,000	50,000
Fiduciary	119,015	87,220	(31,795)
Total	<u>\$707,739</u>	<u>\$777,308</u>	<u>\$69,569</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$742,994	\$609,646	\$133,348
Capital Projects	269,000	1,011	267,989
Fiduciary	743,250	43,127	700,123
Total	<u>\$1,755,244</u>	<u>\$653,784</u>	<u>\$1,101,460</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$540,457	\$576,922	\$36,465
Capital Projects		78,000	78,000
Fiduciary	87,275	417,811	330,536
Total	<u>\$627,732</u>	<u>\$1,072,733</u>	<u>\$445,001</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$681,569	\$575,320	\$106,249
Capital Projects	191,000	650	190,350
Fiduciary	182,970	1,146	181,824
Total	<u>\$1,055,539</u>	<u>\$577,116</u>	<u>\$478,423</u>

**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.



**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY  
ERIE COUNTY**

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

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% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. 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;
- Employee benefits liability;
- Employer's liability;
- Vehicles;
- Inland marine; and
- Commercial umbrella.

The Library also provides health insurance to the Director through a private carrier.

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

Milan-Berlin Township Public Library  
Erie County  
19 East Church Street  
P.O. Box 1550  
Milan, Ohio 44846-1550

To the Board of Trustees:

We have audited the accompanying financial statements of Milan-Berlin Township Public Library (the Library) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 2, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Library in a separate letter dated October 2, 2001.

Milan-Berlin Township Public Library  
Erie County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

October 2, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MILAN-BERLIN TOWNSHIP PUBLIC LIBRARY**

**ERIE 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  
NOVEMBER 8, 2001**