



**Auditor of State  
Betty Montgomery**



FLESH PUBLIC LIBRARY  
MIAMI COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
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, 2003 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2002 .....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Flesh Public Library Miami County, (the Library), as of and for the years ended December 31, 2003 and 2002. 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 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 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 2002, 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 July 7, 2004, 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 audit.

This report is intended solely for the information and use of the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 7, 2004

FLESH PUBLIC LIBRARY  
MIAMI 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, 2003

	<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>				
Other Government Grants-In-Aid	\$790,625			\$790,625
Patron Fines and Fees	18,277			18,277
Earnings on Investments	3,859	\$6,290	\$41	10,190
Contributions, Gifts and Donations	1,015		2,490	3,505
Miscellaneous Receipts	2,863			2,863
<b>Total Cash Receipts</b>	<u>816,639</u>	<u>6,290</u>	<u>2,531</u>	<u>825,460</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	548,565			548,565
Purchased and Contracted Services	97,233	96,483	2,703	196,419
Other Objects	27		78	105
Library Materials and Information	118,692			118,692
Supplies	20,179			20,179
Capital Outlay	6,626			6,626
<b>Total Cash Disbursements</b>	<u>791,322</u>	<u>96,483</u>	<u>2,781</u>	<u>890,586</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>25,317</u>	<u>(90,193)</u>	<u>(250)</u>	<u>(65,126)</u>
Fund Cash Balances, January 1	<u>301,562</u>	<u>611,775</u>	<u>4,419</u>	<u>917,756</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$326,879</b></u>	<u><b>\$521,582</b></u>	<u><b>\$4,169</b></u>	<u><b>\$852,630</b></u>
Reserves for Encumbrances, December 31	<u>\$46,820</u>	<u>\$13,554</u>	<u>\$2,869</u>	<u>\$63,243</u>

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

FLESH PUBLIC LIBRARY  
MIAMI 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, 2002

	<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>				
Other Government Grants-In-Aid	\$799,156			\$799,156
Patron Fines and Fees	18,752			18,752
Earnings on Investments	6,212	\$11,532	\$95	17,839
Contributions, Gifts and Donations	1,142		2,831	3,973
Miscellaneous Receipts	2,849			2,849
<b>Total Cash Receipts</b>	<u>828,111</u>	<u>11,532</u>	<u>2,926</u>	<u>842,569</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	520,695			520,695
Purchased and Contracted Services	100,885	31,963	2,068	134,916
Other Objects	95			95
Library Materials and Information	169,035			169,035
Supplies	23,634		1,635	25,269
Capital Outlay	14,214			14,214
<b>Total Cash Disbursements</b>	<u>828,558</u>	<u>31,963</u>	<u>3,703</u>	<u>864,224</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(447)</u>	<u>(20,431)</u>	<u>(777)</u>	<u>(21,655)</u>
Fund Cash Balances, January 1	<u>302,009</u>	<u>632,206</u>	<u>5,196</u>	<u>939,411</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$301,562</b></u>	<u><b>\$611,775</b></u>	<u><b>\$4,419</b></u>	<u><b>\$917,756</b></u>
Reserves for Encumbrances, December 31	<u>\$54,431</u>	<u>\$6,037</u>	<u>\$1,175</u>	<u>\$61,643</u>

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

**FLESH PUBLIC LIBRARY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Piqua City School District Board of Education. The Library provides 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's cash is deposited in a checking, money market, and payroll clearing account. There were no investments during the audit period.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash that is 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 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 fund:

**Building Fund** – This fund accounts for the capital improvements of the Library.

**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 fund:

**FLESH PUBLIC LIBRARY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**Museum Fund** – This fund accounts for the donations and contributions of patrons, which is an expendable trust fund.

**E. 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 2003 and 2002 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<b>2003</b>	<b>2002</b>
Demand deposits	\$852,630	\$917,756

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$977,232	\$838,142	\$139,090
Capital Projects	444,337	110,037	334,300
Fiduciary	8,175	5,650	2,525
Total	\$1,429,744	\$953,829	\$475,915

**FLESH PUBLIC LIBRARY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$917,215	\$882,989	\$34,226
Capital Projects	276,500	38,000	238,500
Fiduciary	6,600	4,878	1,722
Total	\$1,200,315	\$925,867	\$274,448

**4. GRANTS-IN-AID**

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 based on of any additional revenues the Library receives.

**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 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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Flesh Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Boiler and Machinery

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

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## Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Flesh Public Library, Miami County, (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 7, 2004, wherein we noted that the Library's financial transactions were processed by the Auditor of State's Uniform Accounting Network. *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit 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 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 July 7, 2004.

#### 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 July 7, 2004.

Flesh Public Library  
Miami County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 7, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
NOVEMBER 4, 2004**