



**Auditor of State
Betty Montgomery**

MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Milton Union Public Library
Miami County
560 S. Main Street
West Milton, Ohio 45383

To the Board of Trustees:

We have audited the accompanying financial statements of the Milton Union 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 Section 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code Sections 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 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 June 21, 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

June 21, 2004

**MILTON UNION PUBLIC 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, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$420,904		\$420,904
Patron Fines and Fees	12,813		12,813
Earnings on Investments	2,016		2,016
Contributions, Gifts and Donations	5,594		5,594
Miscellaneous Receipts	3,553		3,553
	<u>444,880</u>		<u>444,880</u>
Total Cash Receipts	<u>444,880</u>		<u>444,880</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	253,827		253,827
Purchased and Contracted Services	60,730		60,730
Library materials and information	52,037	\$7,360	59,397
Other Objects	8,154		8,154
Capital Outlay	6,366	2,859	9,225
	<u>381,114</u>	<u>10,219</u>	<u>391,333</u>
Total Cash Disbursements	<u>381,114</u>	<u>10,219</u>	<u>391,333</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>63,766</u>	<u>(10,219)</u>	<u>53,547</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		26,811	26,811
Transfers-Out	(26,811)		(26,811)
	<u>(26,811)</u>	<u>26,811</u>	
Total Other Financing Receipts/(Disbursements)	<u>(26,811)</u>	<u>26,811</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>36,955</u>	<u>16,592</u>	<u>53,547</u>
Fund Cash Balances, January 1	<u>98,044</u>	<u>28,360</u>	<u>126,404</u>
Fund Cash Balances, December 31	<u><u>\$134,999</u></u>	<u><u>\$44,952</u></u>	<u><u>\$179,951</u></u>

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

**MILTON UNION PUBLIC 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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$425,818		\$425,818
Patron Fines and Fees	11,857		11,857
Earnings on Investments	3,777	\$476	4,253
Contributions, Gifts and Donations	1,778	40	1,818
Miscellaneous Receipts	3,793		3,793
	<u>447,023</u>	<u>516</u>	<u>447,539</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	258,506		258,506
Purchased and Contracted Services	81,973		81,973
Library materials and information	51,321	6,005	57,326
Other Objects	8,577	99,977	108,554
Capital Outlay	67,002	37,852	104,854
	<u>467,379</u>	<u>143,834</u>	<u>611,213</u>
Total Cash Disbursements			
	<u>467,379</u>	<u>143,834</u>	<u>611,213</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(20,356)</u>	<u>(143,318)</u>	<u>(163,674)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		1,005	1,005
Transfers-Out	(1,005)		(1,005)
	<u>(1,005)</u>	<u>1,005</u>	<u></u>
Total Other Financing Receipts/(Disbursements)			
	<u>(1,005)</u>	<u>1,005</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,361)	(142,313)	(163,674)
Fund Cash Balances, January 1, Restated See Note 7	<u>119,405</u>	<u>170,673</u>	<u>290,078</u>
Fund Cash Balances, December 31	<u>\$98,044</u>	<u>\$28,360</u>	<u>\$126,404</u>

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, 2003 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by West Milton Exempted Village 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

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 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 Fund

Building Fund accounts for the capital improvements of the Library.

Computer Fund

Computer Fund is to account for the purchase of electronic equipment by the Library.

**MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund and function 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 vacation leave. Unpaid vacation balances 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 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>2003</u>	<u>2002</u>
Demand deposits	\$117,205	\$64,348
STAR Ohio	\$62,746	\$62,056
Total deposits and investments	<u>\$179,951</u>	<u>\$126,404</u>

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

Investments: The financial institution maintains records identifying the Library as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY**

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$497,052	\$407,925	\$89,127
Capital Projects	55,171	10,219	44,952
Total	\$552,223	\$418,144	\$134,079

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$544,694	\$468,384	\$76,310
Capital Projects	11,000	143,834	(132,834)
Total	\$555,694	\$612,218	(\$56,524)

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. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability;
- Errors and omissions.

MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY

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

7. RESTATEMENT OF BEGINNING BALANCES

The 2002 beginning Fund Balances were adjusted due to an end of year transfer in 2001 not being posted to the financial statements.

	Balance as Previously Reported	Restated Balance December 31, 2001
General Fund	\$235,445	\$119,405
Capital Projects Fund Type	54,633	170,673



Auditor of State Betty Montgomery

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

Milton Union Public Library
Miami County
560 S. 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, 2003 and 2002, and have issued our report thereon dated June 21, 2004 wherein we noted that 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. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated June 21, 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 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 21, 2004.

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Milton Union Public Library
Miami County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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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

June 21, 2004

**MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2003-001

Finding For Recovery – Repaid under Audit

K & S Cleaning receives \$500 bi-monthly to clean the library. On November 8, 2002, K & S Cleaning submitted invoice #233 for \$500 for services rendered for the period of October 21 through November 3, 2002. On November 19 2002, the Clerk issued check #8678 for \$500 for payment of services rendered October 21 – November 3, 2002. On November 25, 2002, check #8683 in the amount of \$1,000 was issued to K & S Cleaning for services provided for the period of October 21 – November 17, 2002. This resulted in K & S Cleaning being paid twice for the same period in the amount of five hundred dollars and zero cents (\$500).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against K & S Cleaning and in favor of Milton Union Public Library's General Fund for the amount of five hundred dollars and zero cents (\$500). The Finding was repaid under audit, as evidenced by receipt # 100-2004.

FINDING NUMBER 2003-002

Ohio Rev. Code Section 3375.41 requires libraries to competitive bid contracts for any improvements or repairs which will exceeds \$15,000, except in cases or urgent necessity or for the security and protection of library property. The Library is required to advertise for a period of 4 weeks for bids in a newspaper of general circulation in the district. Sealed bids are filed with the clerk by noon of the last day stated in the advertisement. Awards must be to the lowest responsible bidder.

In 2002, the Library purchased fixtures in the amount of \$42,551 and purchased office furniture in the amount of \$31,190. The Library did not follow the bid process by advertising for and accepting the lowest bid nor was there specific approval of the purchases in the minutes for either expenditure. Quotes were obtained from two vendors for the office furniture. These expenditures represent 51% of Capital Projects Fund Type expenditures for 2002.

Milton Union Public Library's Board of Trustees should authorize the Clerk to advertise for bids and accept the lowest bid for all improvements and/or repairs costing over \$15,000.



**Auditor of State
Betty Montgomery**

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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 5, 2004**