



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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**STATE OF OHIO
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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, 2001 and December 31, 2000. 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. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Milton Union Public Library, Miami County, as of December 31, 2001 and December 31, 2000, 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 May 6, 2002 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, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 6, 2002

**MILTON UNION PUBLIC 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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$461,425		\$461,425
Patron Fines and Fees	13,757		13,757
Earnings on Investments	9,755	11,731	21,486
Contributions, Gifts and Donations	856	4,458	5,314
Miscellaneous Receipts	4,257		4,257
Total Cash Receipts	<u>490,050</u>	<u>16,189</u>	<u>506,239</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	240,361		240,361
Supplies	8,108		8,108
Purchased and Contracted Services	67,775	133,179	200,954
Library Materials and Information	54,710		54,710
Other Objects	563		563
Capital Outlay		219,016	219,016
Total Cash Disbursements	<u>371,517</u>	<u>352,195</u>	<u>723,712</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>118,533</u>	<u>(336,006)</u>	<u>(217,473)</u>
Other Financing Receipts:			
Other Financing Sources	1,254		1,254
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	119,787	(336,006)	(216,219)
Fund Cash Balances, January 1	<u>115,509</u>	<u>390,639</u>	<u>506,148</u>
Fund Cash Balances, December 31	<u><u>\$235,296</u></u>	<u><u>\$54,633</u></u>	<u><u>\$289,929</u></u>

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

**MILTON UNION PUBLIC 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, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Other Government Grants-In-Aid	\$452,945		\$452,945
Patron Fines and Fees	11,813		11,813
Earnings on Investments	23,949		23,949
Contributions, Gifts and Donations		27,797	27,797
Miscellaneous Receipts	2,538		2,538
	<hr/>		<hr/>
Total Cash Receipts	491,245	27,797	519,042
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	235,986		235,986
Supplies	7,359		7,359
Purchased and Contracted Services	75,916		75,916
Library Materials and Information	67,918		67,918
Other Objects	1,907		1,907
	<hr/>		<hr/>
Total Cash Disbursements	389,086		389,086
	<hr/>		<hr/>
Total Cash Receipts Over Cash Disbursements	102,159	27,797	129,956
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In		23,404	23,404
Transfers-Out	(23,404)		(23,404)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(23,404)	23,404	
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	78,755	51,201	129,956
Fund Cash Balances, January 1	36,754	339,438	376,192
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$115,509</u>	<u>\$390,639</u>	<u>\$506,148</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, 2001 AND 2000**

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

The Library's cash is deposited in checking, money market, and payroll accounts. There were no investments during the audit period.

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 fund.

Building Fund

Building Fund - accounts for the capital improvements of the Library

**MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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, function, and object level of control.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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 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:

	2001	2000
Demand deposits	\$103,292	\$82,424
Certificates of deposit	15,964	0
Total deposits	119,256	82,424
 STAR Ohio	 170,673	 423,724
Total deposits and investments	\$289,929	\$506,148

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

Investments: Investments in STAR Ohio and mutual funds 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, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$497,790	\$491,304	(\$6,486)
Capital Projects	0	16,189	16,189
Total	\$497,790	\$507,493	\$9,703

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Authority	Actual Expenditures	Variance
General	\$527,790	\$371,517	(\$156,273)
Capital Projects	440,000	352,195	(87,805)
Total	\$967,790	\$723,712	(\$244,078)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$486,332	\$491,245	\$4,913
Capital Projects	20,000	51,201	31,201
Total	\$506,332	\$542,446	\$36,114

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Receipts	Variance
General	\$487,000	\$412,490	(\$74,510)
Capital Projects	0	0	0
Total	\$487,000	\$412,490	(\$74,510)

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.

**MILTON UNION PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. GRANTS-IN-AID (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 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 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability;



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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 accompanying financial statements of the Milton Union Public Library (the Library), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 6, 2002. 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 May 6, 2002.

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 May 6, 2002.

Milton Union Public Library
Miami County
Report of Independent Accountants 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, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

May 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JULY 16, 2002**