



**Auditor of State
Betty Montgomery**

**TROY - MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Troy - Miami County Public Library
Miami County
419 West Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of the Troy - Miami County Public Library, Miami County, (the Library) as of and for the years ended December 31, 2002, and 2001. 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 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, 2002 and 2001, 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 March 11, 2003, 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.

Troy - Miami County Public Library
Miami County
Independent Accountants' Report
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This report is intended solely for the information and use of the 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

March 11, 2003

**TROY - MIAMI COUNTY 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>Agency</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$1,540,385			\$1,540,385
Patron Fines and Fees	56,902			56,902
Earnings on Investments	20,065			20,065
Contributions, Gifts and Donations	6,907	\$5,100		12,007
Miscellaneous Receipts	6,575	391	\$5,440	12,406
	<u>1,630,834</u>	<u>5,491</u>	<u>5,440</u>	<u>1,641,765</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	1,038,168		5,440	1,043,608
Purchased and Contracted Services	175,296	6,548		181,844
Supplies	28,829			28,829
Library Materials and Information	317,501			317,501
Other Objects	546	1,715		2,261
Capital Outlay	42,599	218,402		261,001
	<u>1,602,939</u>	<u>226,665</u>	<u>5,440</u>	<u>1,835,044</u>
Total Cash Disbursements				
Excess of Cash Receipts				
Over/(Under) Cash Disbursements	27,895	(221,174)		(193,279)
Fund Cash Balances, January 1	247,739	898,214		1,145,953
Fund Cash Balances, December 31	<u>\$275,634</u>	<u>\$677,040</u>		<u>\$952,674</u>
Reserves for Encumbrances, December 31	<u>\$29,365</u>	<u>\$150,490</u>	<u>\$0</u>	<u>\$179,855</u>

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

**TROY - MIAMI COUNTY 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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$1,670,658			\$1,670,658
Patron Fines and Fees	57,820			57,820
Earnings on Investments	43,290			43,290
Contributions, Gifts and Donations	15,814			15,814
Miscellaneous Receipts	2,524		\$5,772	8,296
Total Cash Receipts	<u>1,790,106</u>		<u>5,772</u>	<u>1,795,878</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	947,473		5,772	953,245
Purchased and Contracted Services	177,819			177,819
Supplies	34,614			34,614
Library Materials and Information	338,519			338,519
Other Objects	8,689			8,689
Capital Outlay	45,156	\$16,500		61,656
Total Cash Disbursements	<u>1,552,270</u>	<u>16,500</u>	<u>5,772</u>	<u>1,574,542</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>237,836</u>	<u>(16,500)</u>		<u>221,336</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		155,000		155,000
Transfers-Out	(155,000)			(155,000)
Total Other Financing Receipts/(Disbursements)	<u>(155,000)</u>	<u>155,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	82,836	138,500		221,336
Fund Cash Balances, January 1	<u>164,903</u>	<u>759,714</u>		<u>924,617</u>
Fund Cash Balances, December 31	<u>\$247,739</u>	<u>\$898,214</u>		<u>\$1,145,953</u>
Reserves for Encumbrances, December 31	<u>\$60,538</u>	<u>\$148,500</u>	<u>\$0</u>	<u>\$209,038</u>

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

**TROY - MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Troy - Miami County 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. Four are appointed by the Miami County Commissioners and three are appointed by the Miami County Judge of Common Pleas. 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Library maintains interest bearing checking and savings accounts. Star Ohio investments 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.

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 trust funds). The Library had the following significant capital project funds:

Building Fund – received monies transferred from the General Fund and donations to fund building repairs and improvements.

Bookmobile Replacement Fund – received monies transferred from General Fund and donations for the replacement of the Library's bookmobile.

**TROY - MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Agency Fund

This fund is used to account for receipts that are restricted for the Flexible Benefit Plan (FSA) that is administered by the Library. The Library operates the FSA within the context of Section 125 of the Internal Revenue Code following all the rules and guidelines set forth. The employees participating in such plan designate how much they want to contribute on a semi-monthly payroll deduction up to \$1,200 per fiscal year. The contributions are then deposited into an agency fund and distributed to employees presenting "allowable" expenses to the Clerk-Treasurer. All participating employees have until March 31, of the following year to turn in bills dated before December 31 of the previous year. Any funds left in any account at that time will be turned over to the Troy-Miami County Public Library General 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 level of control.

A summary of 2002 and 2001 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:

	2002	2001
Demand deposits	\$944,617	\$1,138,039
STAR Ohio	8,057	7,914
Total deposits and investments	\$952,674	\$1,145,953

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 are not evidenced by securities that exist in physical or book-entry form.

**TROY - MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002, and 2001, follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,780,334	\$1,632,304	\$148,030
Capital Projects	423,500	377,155	46,345
Fiduciary	5,440	5,440	0
Total	<u>\$2,209,274</u>	<u>\$2,014,899</u>	<u>\$194,375</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,817,545	\$1,767,808	\$49,737
Capital Projects	300,000	165,000	135,000
Fiduciary	5,780	5,772	8
Total	<u>\$2,123,325</u>	<u>\$1,938,580</u>	<u>\$184,745</u>

4. STATE INCOME 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 based on 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 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

**TROY - MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Troy - Miami County Public Library has obtained commercial insurance for the following risks:

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

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



**Auditor of State
Betty Montgomery**

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

Troy - Miami County Public Library
Miami County
419 West Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of the Troy - Miami County Public Library, Miami County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 11, 2003. 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.

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 March 11, 2003.

Troy - Miami County 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 management and the 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

March 11, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
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TROY MIAMI COUNTY 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
APRIL 15, 2003**