



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Mechanicburg Public Library
Champaign County
60 South Main St
Mechanicsburg, Ohio 43044

To the Board of Trustees:

We have audited the accompanying financial statements of the Mechanicsburg Public Library, Champaign County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 1998, 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 August 1, 2000 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.

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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 1, 2000

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

	<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>	
Cash Receipts:				
Other Government Grants-In-Aid	304,997			304,997
Patron Fines and Fees	5,101			5,101
Earnings on Investments	19,799			19,799
Contributions, Gifts and Donations	825			825
Miscellaneous Receipts	1,154			1,154
	<hr/>			<hr/>
Total Cash Receipts	331,876	0	0	331,876
Cash Disbursements:				
Current:				
Salaries and Benefits	150,695			150,695
Purchased and Contracted Services	29,106			29,106
Other Objects	1,011			1,011
Supplies	7,699			7,699
Library Materials and Information	81,900			81,900
Capital Outlay	15,916			15,916
	<hr/>			<hr/>
Total Cash Disbursements	286,327	0	0	286,327
Total Cash Receipts Over/(Under) Cash Disbursements	45,549	0	0	45,549
Other Financing Receipts/(Disbursements):				
Transfers-In	25	50,000	3,050	53,075
Transfers-Out	(53,050)		(25)	(53,075)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(53,025)	50,000	3,025	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,476)	50,000	3,025	45,549
Fund Cash Balances, January 1	57,648	121,726	179,940	359,314
	<hr/>			<hr/>
Fund Cash Balances, December 31	<u>\$50,172</u>	<u>\$171,726</u>	<u>\$182,965</u>	<u>\$404,863</u>
Reserves for Encumbrances, December 31	<u>\$5,516</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,516</u>

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

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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>	
Cash Receipts:				
Other Government Grants-In-Aid	273,761			273,761
Patron Fines and Fees	3,457			3,457
Earnings on Investments	18,803			18,803
Contributions, Gifts and Donations	798			798
Miscellaneous Receipts	1,530			1,530
	<u>298,349</u>			<u>298,349</u>
Total Cash Receipts	298,349	0	0	298,349
Cash Disbursements:				
Current:				
Salaries and Benefits	137,567			137,567
Purchased and Contracted Services	46,752			46,752
Other Objects	1,110			1,110
Supplies	6,566			6,566
Library Materials and Information	63,004			63,004
Capital Outlay	20,525	11,730		32,255
	<u>275,524</u>	<u>11,730</u>		<u>287,254</u>
Total Cash Disbursements	275,524	11,730	0	287,254
Total Cash Receipts Over/(Under) Cash Disbursements	<u>22,825</u>	<u>(11,730)</u>	<u>0</u>	<u>11,095</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		45,000	7,030	52,030
Transfers-Out	(52,030)			(52,030)
	<u>(52,030)</u>	<u>45,000</u>	<u>7,030</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	(52,030)	45,000	7,030	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,205)	33,270	7,030	11,095
Fund Cash Balances, January 1	<u>92,483</u>	<u>88,456</u>	<u>167,280</u>	<u>348,219</u>
Fund Cash Balances, December 31	<u>\$63,278</u>	<u>\$121,726</u>	<u>\$174,310</u>	<u>\$359,314</u>
Reserves for Encumbrances, December 31	<u>\$13,123</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,123</u>

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

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mechanicsburg Public Library, Champaign 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 Board of the Mechanicsburg Exempted School District. 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.

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. The Library had the following capital project fund:

Building Fund - The Library's fund is composed of donations and investment proceeds for future construction projects.

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting(Continued)

3. Fiduciary Funds (Trust 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 non-expendable trust fund. Other trust funds are classified as expendable. The Library has the following expendable trust fund:

Trust Fund - Receives donated monies, and is used for operating and non-operating 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, and object 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.

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.

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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>1999</u>	<u>1998</u>
Demand deposits	\$8,221	\$6,038
Certificates of deposit	<u>33,543</u>	<u>31,898</u>
Total deposits	<u>41,764</u>	<u>37,936</u>
STAR Ohio	<u>363,099</u>	<u>321,378</u>
Total deposits and investments	<u><u>\$404,863</u></u>	<u><u>\$359,314</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$310,720	\$331,901	\$21,181
Capital Projects	0	50,000	50,000
Fiduciary	<u>6,000</u>	<u>3,050</u>	<u>(2,950)</u>
Total	<u><u>\$316,720</u></u>	<u><u>\$384,951</u></u>	<u><u>\$68,231</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$369,323	\$344,893	\$24,430
Capital Projects	25,000	0	25,000
Fiduciary	<u>6,000</u>	<u>25</u>	<u>5,975</u>
Total	<u><u>\$400,323</u></u>	<u><u>\$344,918</u></u>	<u><u>\$55,405</u></u>

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,205	\$298,349	\$48,144
Capital Projects	0	45,000	45,000
Fiduciary	1,500	7,030	5,530
Total	\$251,705	\$350,379	\$98,674

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$341,065	\$340,677	\$388
Capital Projects	25,000	11,730	13,270
Fiduciary	0	0	0
Total	\$366,065	\$352,407	\$13,658

The Library credited interest income to the Expendable Trust Fund in violation of Ohio Rev. Code Section 135.21 which requires all interest income to be credited to the General Fund.

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 on account of any additional revenues realized by 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% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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

Mechanicsburg Public Library
Champaign County
60 South Main Street
Mechanicsburg, Ohio 43044

To the Board of Trustees:

We have audited the accompanying financial statements of the Mechanicsburg Public Library, Champaign County, Ohio (the Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 1, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-00311-001.

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 August 1, 2000.

This report is intended for the information and use of 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 1, 2000

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

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

FINDING NUMBER 1999-00311-001

Noncompliance Citation

Ohio Rev. Code Section 135.21 states that all interest earned is to be credited to the general fund. Pursuant to Ohio Rev. Code Section 3375.391, as of March, 1999 the board of library trustees may adopt a resolution requiring the treasurer to credit the earnings made on the investment of the principal of the moneys specified in the resolution to the fund from which the earnings arose or any other fund specified in the resolution by the board.

During 1999 and 1998, the Library credited interest to the Expendable Trust Fund. In addition, during 1999 the Board did not pass a resolution allowing the crediting of interest to the Expendable Trust Fund.

The client has made the necessary adjustments to increase/decrease fund balances to properly reflect the recording of interest. The financial statements in this report reflect these adjustments. These adjustments had the following effect upon the respective fund balances:

	General Fund	Expendable Trust
1999	\$4,307	(\$4,307)
1998	\$5,630	(\$5,630)



STATE OF OHIO
OFFICE OF THE AUDITOR

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MECHANICSBURG PUBLIC LIBRARY

CHAMPAIGN 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
SEPTEMBER 19, 2000