



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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 (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 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 Mechanicsburg Public Library, Champaign County, as of December 31, 2001 and December 31, 2000, 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 May 7, 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, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 7, 2002

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**COMBINED 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, 2001**

	<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	\$337,429			\$337,429
Patron Fines and Fees	4,502			4,502
Earnings on Investments	15,603		6,702	22,305
Contributions, Gifts and Donations	2,754			2,754
Miscellaneous Receipts	1,596			1,596
Total Cash Receipts	<u>361,884</u>		<u>6,702</u>	<u>368,586</u>
Cash Disbursements:				
Salaries and Benefits	163,754			163,754
Supplies	9,098			9,098
Purchased and Contracted Services	32,195			32,195
Library material and information	66,100			66,100
Other Objects	1,756			1,756
Capital Outlay	17,922			17,922
Total Cash Disbursements	<u>290,825</u>			<u>290,825</u>
Total Cash Receipts Over Cash Disbursements	<u>71,059</u>		<u>6,702</u>	<u>77,761</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		20,000		20,000
Transfers-Out	(20,000)			(20,000)
Total Other Financing Receipts/(Disbursements)	<u>(20,000)</u>	<u>20,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>51,059</u>	<u>20,000</u>	<u>6,702</u>	<u>77,761</u>
Fund Cash Balances, January 1	<u>121,090</u>	<u>181,726</u>	<u>197,047</u>	<u>499,863</u>
Fund Cash Balances, December 31	<u>\$172,149</u>	<u>\$201,726</u>	<u>\$203,749</u>	<u>\$577,624</u>

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

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

**COMBINED 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, 2000**

	<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	\$328,871			\$328,871
Patron Fines and Fees	4,590			4,590
Earnings on Investments	26,838		2,475	29,313
Contributions, Gifts and Donations	377			377
Miscellaneous Receipts	628			628
	<hr/>			<hr/>
Total Cash Receipts	361,304		2,475	363,779
	<hr/>			<hr/>
Cash Disbursements:				
Salaries and Benefits	148,145			148,145
Supplies	8,750			8,750
Purchased and Contracted Services	32,118			32,118
Library material and information	60,260			60,260
Other Objects	1,796			1,796
Capital Outlay	19,342			19,342
	<hr/>			<hr/>
Total Cash Disbursements	270,411			270,411
	<hr/>			<hr/>
Total Cash Receipts Over Cash Disbursements	90,893		2,475	93,368
	<hr/>			<hr/>
Other Financing Receipts/(Disbursements):				
Transfers-In		10,000	7,300	17,300
Transfers-Out	(17,300)			(17,300)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(17,300)	10,000	7,300	
	<hr/>			<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	73,593	10,000	9,775	93,368
	<hr/>			<hr/>
Fund Cash Balances, January 1	47,497	171,726	187,272	406,495
	<hr/>			<hr/>
Fund Cash Balances, December 31	<u>\$121,090</u>	<u>\$181,726</u>	<u>\$197,047</u>	<u>\$499,863</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, 2001 AND 2000**

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 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. 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 (except those financed through enterprise or trust funds). The Library had the following significant capital project funds

Building Fund - accounts for the capital improvements of the Library

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expendable trust fund.

Trust Fund – receives donated monies and is used for operating and non-operating purposes

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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.

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:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$28,772	\$12,670
Certificates of deposit	37,532	35,331
Total deposits	<u>66,304</u>	<u>48,001</u>
STAR Ohio	511,320	451,862
Total deposits and investments	<u>\$577,624</u>	<u>\$499,863</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.

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN 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	\$355,788	\$361,884	\$6,096
Capital Projects	0	20,000	20,000
Fiduciary	6,000	6,702	702
Total	\$361,788	\$388,586	\$26,798

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Disbursements	Actual Disbursements	Variance
General	\$377,700	\$310,825	\$66,875
Capital Projects	25,000	0	25,000
Fiduciary	0	0	0
Total	\$402,700	\$310,825	\$91,875

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$330,884	\$361,304	\$30,420
Capital Projects	0	10,000	10,000
Fiduciary	6,000	9,775	3,775
Total	\$336,884	\$381,079	\$44,195

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Disbursements	Actual Disbursements	Variance
General	\$366,700	\$287,711	\$78,989
Capital Projects	25,000	0	25,000
Fiduciary	0	0	0
Total	\$391,700	\$287,711	\$103,989

**MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY**

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

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 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 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

The Mechanicsburg Public 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 (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 7, 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 7, 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 7, 2002.

Mechanicsburg Public Library
Champaign 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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 7, 2002

MECHANICSBURG PUBLIC LIBRARY
CHAMPAIGN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2001 and 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-00311-001	Revised Code Section 135.21 - Authorization of interest distribution	Yes	



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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
JULY 16, 2002**