



**Auditor of State
Betty Montgomery**

MOUNT STERLING PUBLIC LIBRARY
MADISON COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|---|------|
| Independent Accountants' Report..... | 1 |
| Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances – General and Non-Expendable Trust Fund For the Year Ended December 31, 2002..... | 3 |
| Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances – General and Non-Expendable Trust Fund- For the Year Ended December 31, 2001..... | 4 |
| Notes to the Financial Statements..... | 5 |
| Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 9 |

THIS PAGE LEFT INTENTIONALLY BLANK



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mount Sterling Public Library
Madison County
60 West Columbus Street
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Mount Sterling Public Library, Madison County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 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 fund cash balances of the Library as of December 31, 2002, and December 31, 2001, 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 June 13, 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

This report is intended solely for the information and use of the audit committee, management, the 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 13, 2003

**MOUNT STERLING PUBLIC LIBRARY
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GENERAL FUND AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>General</u> | <u>Non- Expendable Trust</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|--------------------------------------|---|
| Cash Receipts: | | | |
| Grants in Aid | \$231,356 | \$0 | \$231,356 |
| Patron Fines and Fees | 4,401 | 0 | 4,401 |
| Earnings on Investments | 12,938 | 13 | 12,951 |
| Contributions, Gifts and Donations | 431 | 0 | 431 |
| Miscellaneous Receipts | 35 | 0 | 35 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 249,161 | 13 | 249,174 |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries and Benefits | 89,856 | 0 | 89,856 |
| Purchased and Contracted Services | 42,334 | 0 | 42,334 |
| Supplies | 19,264 | 0 | 19,264 |
| Library Materials & Information | 54,098 | 0 | 54,098 |
| Other objects | 1,108 | 0 | 1,108 |
| Capital Outlay | 12,096 | 0 | 12,096 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 218,756 | 0 | 218,756 |
| Total Cash Receipts Over Cash Disbursements | 30,405 | 13 | 30,418 |
| Fund Cash Balances, January 1 | 329,210 | 556 | 329,766 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$359,615</u> | <u>\$569</u> | <u>\$360,184</u> |

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

**MOUNT STERLING PUBLIC LIBRARY
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GENERAL AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

| | <u>General</u> | <u>Non- Expendable Trust</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|--------------------------------------|---|
| Cash Receipts: | | | |
| Grants in Aid | \$250,840 | \$0 | \$250,840 |
| Patron Fines and Fees | 3,470 | 0 | 3,470 |
| Earnings on Investments | 12,127 | 38 | 12,165 |
| Contributions, Gifts and Donations | 5,126 | 0 | 5,126 |
| Miscellaneous Receipts | 2,780 | 0 | 2,780 |
| Total Cash Receipts | <u>274,343</u> | <u>38</u> | <u>274,381</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries and Benefits | 76,784 | 0 | 76,784 |
| Purchased and Contracted Services | 45,270 | 0 | 45,270 |
| Supplies | 15,193 | 0 | 15,193 |
| Library Materials & Information | 46,300 | 0 | 46,300 |
| Other Objects | 885 | 0 | 885 |
| Capital Outlay | 35,172 | 0 | 35,172 |
| Total Cash Disbursements | <u>219,604</u> | <u>0</u> | <u>219,604</u> |
| Total Cash Receipts Over Cash Disbursements | <u>54,739</u> | <u>38</u> | <u>54,777</u> |
| Other Financing Receipts: | | | |
| Other Financing Sources | 18,358 | 0 | 18,358 |
| Total Other Financing Receipts | <u>18,358</u> | <u>0</u> | <u>18,358</u> |
| Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements | 73,097 | 38 | 73,135 |
| Fund Cash Balances, January 1 | 256,113 | 518 | 256,631 |
| Fund Cash Balances, December 31 | <u><u>\$329,210</u></u> | <u><u>\$556</u></u> | <u><u>\$329,766</u></u> |

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

**MOUNT STERLING PUBLIC LIBRARY
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mount Sterling Public Library, Madison County, Ohio, (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 Madison Plains Local School District 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.

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.

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. Non-Expendable Trust Fund

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. The Library had only one non-expendable trust fund. This fund was established by an estate trust agreement. The Library was given \$500 as the corpus of the trust. The trust fund corpus is held in a certificate of deposit. Interest earned on this investment is to be used for the purchase of books or music at the direction of the Board of Library Trustees, as specified in the trust agreement.

**MOUNT STERLING PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 function 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, full time 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 | \$35,162 | \$42,190 |
| Certificates of deposit | 325,022 | 287,576 |
| Total deposits | \$360,184 | \$329,766 |

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

3. BUDGETARY ACTIVITY

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

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$266,101 | \$218,756 | \$47,345 |
| Fiduciary | 20 | 0 | 20 |
| Total | \$266,121 | \$218,756 | \$47,365 |

**MOUNT STERLING PUBLIC LIBRARY
MADISON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$266,101 | \$219,604 | \$46,497 |
| Fiduciary | 20 | 0 | 20 |
| Total | \$266,121 | \$219,604 | \$46,517 |

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 for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Mount Sterling Public Library has obtained commercial insurance for the following risks:

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

THIS PAGE IS INTENTIONALLY LEFT BLANK



**Auditor of State
Betty Montgomery**

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

Mount Sterling Public Library
Madison County
60 West Columbus Street
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Mount Sterling Public Library, Madison County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated June 13, 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 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 13, 2003.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Mount Sterling Public Library
Madison County
Independent Accountants' Report 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 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

June 13, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MOUNT STERLING PUBLIC LIBRARY

MADISON 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 11, 2003**