



**Auditor of State  
Betty Montgomery**



MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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, (the "Library"), as of and for the years ended December 31, 2003 and 2002. 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 Library as of December 31, 2003 and 2002, 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 August 24, 2004 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, 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

August 24, 2004

**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 FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$308,024			\$308,024
Patron Fines and Fees	4,839			4,839
Earnings on Investments	6,955			6,955
Contributions, Gifts and Donations	2,510			2,510
Miscellaneous Receipts	1,148			1,148
	<hr/>			
Total Cash Receipts	323,476			323,476
<b>Cash Disbursements:</b>				
Salaries	150,987			150,987
Employee Fringe Benefits	45,517			45,517
Purchased and Contracted Services	34,603			34,603
Library Materials and Information	62,319			62,319
Supplies	12,810			12,810
Other	544			544
Capital Outlay	10,022	10,172		20,194
	<hr/>			
Total Cash Disbursements	316,802	10,172		326,974
	<hr/>			
Total Cash Receipts Over/(Under) Cash Disbursements	6,674	(10,172)		(3,498)
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		110,172	875	111,047
Transfers-Out	(111,047)			(111,047)
	<hr/>			
Total Other Financing Receipts/(Disbursements)	(111,047)	110,172	875	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>				
	(104,373)	100,000	875	(3,498)
	<hr/>			
Fund Cash Balances, January 1	187,892	212,026	205,893	605,811
	<hr/>			
<b>Fund Cash Balances, December 31</b>	<b>\$83,519</b>	<b>\$312,026</b>	<b>\$206,768</b>	<b>\$602,313</b>
	<hr/>			

*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 FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Other Government Grants-In-Aid	\$311,303			\$311,303
Patron Fines and Fees	4,248			4,248
Earnings on Investments	9,547		2,144	11,691
Contributions, Gifts and Donations	1,919			1,919
Miscellaneous Receipts	845			845
	<u>327,862</u>		<u>2,144</u>	<u>330,006</u>
<b>Cash Disbursements:</b>				
Salaries	145,323			145,323
Employee Fringe Benefits	33,793			33,793
Purchased and Contracted Services	39,868			39,868
Library Materials and Information	62,713			62,713
Supplies	10,894			10,894
Other	2,581			2,581
Capital Outlay	6,693			6,693
	<u>301,865</u>			<u>301,865</u>
Total Cash Receipts Over Cash Disbursements	<u>25,997</u>		<u>2,144</u>	<u>28,141</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		10,300		10,300
Transfers-Out	(10,300)			(10,300)
	<u>(10,300)</u>	<u>10,300</u>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	15,697	10,300	2,144	28,141
Fund Cash Balances, January 1	<u>172,195</u>	<u>201,726</u>	<u>203,749</u>	<u>577,670</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$187,892</u></u>	<u><u>\$212,026</u></u>	<u><u>\$205,893</u></u>	<u><u>\$605,811</u></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, 2003 AND 2002**

**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.

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. STAR Ohio is recorded at reported share values.

**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 capital project fund.

**Building Fund** – this fund received transfers from the General Fund to be used for the capital improvements of the Library.

**MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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 funds:

**Henry Rogers Trust Fund** – Uses donated money to purchase books.

**Wilson Trust Fund** – Uses donated money to make building improvements.

**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 2003 and 2002 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:

	<b>2003</b>	<b>2002</b>
Demand deposits	\$41,482	\$17,440
Money market account	151,833	
Certificates of deposit	105,556	39,210
Total deposits	298,871	56,650
STAR Ohio	303,442	549,161
Total deposits and investments	\$602,313	\$605,811

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

**MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Budgeted Disbursements</b>	<b>Actual Disbursements</b>	<b>Variance</b>
General	\$509,850	\$427,849	\$82,001
Capital Projects	25,000	10,172	14,828
Total	\$534,850	\$438,021	\$96,829

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$371,500	\$312,165	\$59,335
Capital Projects	25,000	25,000	25,000
Total	\$396,500	\$312,165	\$84,335

**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 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT 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 financial statements of Mechanicsburg Public Library, Champaign County (the "Library"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 24, 2004, wherein we noted that the Library's financial transactions were processed using the Auditor of States' Uniform Accounting Network (UAN). *Government Auditing Standards* considers this type of service to impair the independence of the Auditor of State to conduct the audit of the Library, because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated August 24, 2004.

#### **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 24, 2004.

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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

August 24, 2004



**Auditor of State  
Betty Montgomery**

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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 30, 2004**