



**Auditor of State
Betty Montgomery**

MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mercer County District Library
Mercer County
303 North Main Street
Celina, OH 45822

To the Board of Trustees:

We have audited the accompanying financial statements of the Mercer County District Library (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 combined fund cash balances and reserve for encumbrances of the Library as of December 31, 2002 and December 31, 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 5, 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.

Mercer County District Library
Mercer County
Report of Independent Accountants
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This report is intended solely for the information and use of the finance 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 5, 2003

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$958,709			\$958,709
Patron Fines and Fees	9,002			9,002
Earnings on Investments	3,562	1,034	5,658	10,254
Contributions, Gifts and Donations		6,216	90,549	96,765
Miscellaneous Receipts	1,725	7,631		9,356
	<u>972,998</u>	<u>14,881</u>	<u>96,207</u>	<u>1,084,086</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	573,239			573,239
Purchased and Contracted Services	134,548	3,518		138,066
Library Materials and Supplies	82,375	694		83,069
Supplies	23,707			23,707
Other Objects	3,896			3,896
Capital Outlay	85,981	1,104	53,407	140,492
	<u>903,746</u>	<u>5,316</u>	<u>53,407</u>	<u>962,469</u>
Total Cash Disbursements	<u>903,746</u>	<u>5,316</u>	<u>53,407</u>	<u>962,469</u>
Total Cash Receipts Over Cash Disbursements	<u>69,252</u>	<u>9,565</u>	<u>42,800</u>	<u>121,617</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			15,169	15,169
Transfers-Out	(15,169)			(15,169)
	<u>(15,169)</u>			<u>(15,169)</u>
Total Other Financing Receipts/(Disbursements)	<u>(15,169)</u>	<u>0</u>	<u>15,169</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	54,083	9,565	57,969	121,617
Fund Cash Balances, January 1	96,985	51,047	272,809	420,841
Fund Cash Balances, December 31	<u>\$151,068</u>	<u>\$60,612</u>	<u>\$330,778</u>	<u>\$542,458</u>
Reserves for Encumbrances, December 31	<u>\$76,054</u>	<u>\$38,066</u>	<u>\$308,136</u>	<u>\$422,256</u>

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

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$1,009,794			\$1,009,794
Other Government Grants-In-Aid		126,564		126,564
Patron Fines and Fees	8,604			8,604
Earnings on Investments	8,700	2,612	9,839	21,151
Services Provided to Other Entities	13,820			13,820
Contributions, Gifts and Donations		1,645		1,645
Miscellaneous Receipts	4,113	7,995		12,108
Total Cash Receipts	<u>1,045,031</u>	<u>138,816</u>	<u>9,839</u>	<u>1,193,686</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	533,787	5,435		539,222
Purchased and Contracted Services	124,651	16,997		141,648
Library Materials and Supplies	102,828	365		103,193
Supplies	26,875			26,875
Other Objects	3,696			3,696
Capital Outlay	61,200	120,273	133,269	314,742
Total Cash Disbursements	<u>853,037</u>	<u>143,070</u>	<u>133,269</u>	<u>1,129,376</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>191,994</u>	<u>(4,254)</u>	<u>(123,430)</u>	<u>64,310</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			169,487	169,487
Advances-In	1,087			1,087
Transfers-Out	(169,487)			(169,487)
Advances-Out		(1,087)		(1,087)
Total Other Financing Receipts/(Disbursements)	<u>(168,400)</u>	<u>(1,087)</u>	<u>169,487</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>23,594</u>	<u>(5,341)</u>	<u>46,057</u>	<u>64,310</u>
Fund Cash Balances, January 1	<u>73,391</u>	<u>56,388</u>	<u>226,752</u>	<u>356,531</u>
Fund Cash Balances, December 31	<u>\$96,985</u>	<u>\$51,047</u>	<u>\$272,809</u>	<u>\$420,841</u>
Reserves for Encumbrances, December 31	<u>\$21,969</u>	<u>\$0</u>	<u>\$1,618</u>	<u>\$23,587</u>

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

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mercer County District Library, Mercer 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 County Commissioners and the Common Pleas Court Judge. 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.

Funds invested in STAR Ohio are recorded at current market value. The common stock is recorded at the fair value as of the date of the donation to the Library.

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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Title I Federal Grant Fund - This fund accounts for a federal grant project completed in 2001.

The Nickel Trust Fund - This fund receives dividends from donated stock and revenues from copy machines that were purchased from this fund.

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3 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 Fund:

Building & Repair Fund - This fund received transfer money and donations for the building project.

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, function, and object 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	\$5,308	\$6,837
Total deposits	5,308	6,837
STAR Ohio	536,650	413,504
Common stock (at cost, fair value was \$5,226 and \$7,065 at December 31, 2002 and 2001, respectively.)	500	500
Total investments	537,150	414,004
Total deposits and investments	\$542,458	\$420,841

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library.

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Stock is common stock registered in the Library's name.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,039,802	\$972,998	(\$66,804)
Special Revenue	0	14,881	14,881
Capital Projects	128,000	111,376	(16,624)
Total	\$1,167,802	\$1,099,255	(\$68,547)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,136,772	\$994,969	\$141,803
Special Revenue	51,066	43,382	7,684
Capital Projects	272,813	361,543	(88,730)
Total	\$1,460,651	\$1,399,894	\$60,757

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,036,596	\$1,045,031	\$8,435
Special Revenue	126,564	138,816	12,252
Capital Projects	0	179,326	179,326
Total	\$1,163,160	\$1,363,173	\$200,013

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,086,586	\$1,044,493	\$42,093
Special Revenue	182,335	143,070	39,265
Capital Projects	226,755	134,887	91,868
Total	\$1,495,676	\$1,322,450	\$173,226

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.

**MERCER COUNTY DISTRICT LIBRARY
MERCER COUNTY**

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

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 Mercer County Library has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

Mercer County District Library
Mercer County
303 North Main Street
Celina, OH 45822

To the Board of Trustees:

We have audited the accompanying financial statements of the Mercer County District Library (the Library) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated March 5, 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. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated March 5, 2003.

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 March 5, 2003.

Mercer County District Library
Mercer 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 finance committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 5, 2003



**Auditor of State
Betty Montgomery**

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MERCER COUNTY DISTRICT LIBRARY

MERCER 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
MAY 8, 2003**