



Mary Taylor, CPA  
Auditor of State



MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 18, 2010

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# Mary Taylor, CPA

## Auditor of State

### 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 Mechanicsburg Public Library, Champaign County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Mechanicsburg Public Library, Champaign County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

For the years ended December 31, 2009 and 2008, the Library revised its financial presentation from that comparable to the requirements of *Governmental Account Standard* No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to format the Auditor of State prescribes or permits.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

March 18, 2010



**MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>All Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Library and Local Government Support	\$252,044			\$252,044
Patron Fines and Fees	7,484			7,484
Contributions, Gifts and Donations	2,469			2,469
Earnings on Investments	400	\$1,139	\$199	1,738
Miscellaneous	1,179			1,179
Total Cash Receipts	<u>263,576</u>	<u>1,139</u>	<u>199</u>	<u>264,914</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Salaries	158,824			158,824
Employee Fringe Benefits	62,045			62,045
Purchased and Contractual Services	31,633			31,633
Library Materials and Information	24,799			24,799
Supplies	6,555			6,555
Other	1,372			1,372
Capital Outlay	8,512			8,512
Total Cash Disbursements	<u>293,740</u>			<u>293,740</u>
Total Receipts Over/(Under) Disbursements	<u>(30,164)</u>	<u>1,139</u>	<u>199</u>	<u>(28,826)</u>
Fund Cash Balances, January 1	<u>59,088</u>	<u>199,927</u>	<u>356,395</u>	<u>615,410</u>
Fund Cash Balances, December 31	<u>\$28,924</u>	<u>\$201,066</u>	<u>\$356,594</u>	<u>\$586,584</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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Library and Local Government Support	\$306,630			\$306,630
Patron Fines and Fees	7,836			7,836
Contributions, Gifts and Donations	5,619			5,619
Earnings on Investments	1,213	\$4,742	\$8,903	14,858
Miscellaneous	1,550			1,550
Total Cash Receipts	<u>322,848</u>	<u>4,742</u>	<u>8,903</u>	<u>336,493</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Salaries	166,460			166,460
Employee Fringe Benefits	51,590			51,590
Purchased and Contractual Services	37,177			37,177
Library Materials and Information	29,255			29,255
Supplies	5,879		193	6,072
Other	1,052			1,052
Capital Outlay	8,512			8,512
Total Cash Disbursements	<u>299,925</u>		<u>193</u>	<u>300,118</u>
Total Receipts Over/(Under) Disbursements	<u>22,923</u>	<u>4,742</u>	<u>8,710</u>	<u>36,375</u>
<b>Other Financing Receipts:</b>				
Other Financing Uses		<u>(3,590)</u>		<u>(3,590)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,923	1,152	8,710	32,785
Fund Cash Balances, January 1	<u>36,165</u>	<u>198,775</u>	<u>347,685</u>	<u>582,625</u>
Fund Cash Balances, December 31	<u>\$59,088</u>	<u>\$199,927</u>	<u>\$356,395</u>	<u>\$615,410</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, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mechanicsburg Public Library, Champaign County, (the Library) as a body corporate and politic. The Mechanicsburg Exempted Village School District appoints a seven-member Board of Trustees to govern the Library. 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

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

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

**MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 capital project fund:

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

**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.

A summary of 2009 and 2008 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>2009</b>	<b>2008</b>
Demand deposits	\$ 19,747	\$ 49,939
Certificates of deposit	541,015	
Total deposits	560,762	49,939
STAR Ohio	25,822	565,471
Total deposits and investments	\$586,584	\$615,410

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

**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, 2009 AND 2008  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and December 31, 2008 follows:

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$308,060	\$263,576	(\$44,484)
Special Revenue	5,210	1,139	(4,071)
Capital Projects	9,594	199	(9,395)
Total	<u>\$322,864</u>	<u>\$264,914</u>	<u>(\$57,950)</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$339,103	\$293,740	\$45,363
Special Revenue			
Capital Projects			
Total	<u>\$339,103</u>	<u>\$293,740</u>	<u>\$45,363</u>

**2008 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$332,437	\$322,848	(\$ 9,589)
Special Revenue	8,970	4,742	(4,228)
Capital Projects	15,860	8,903	(6,957)
Total	<u>\$357,267</u>	<u>\$336,493</u>	<u>(\$20,774)</u>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$342,900	\$299,925	\$42,975
Special Revenue	23,000	3,590	19,410
Capital Projects	10,000	193	9,807
Total	<u>\$375,900</u>	<u>\$303,708</u>	<u>\$72,192</u>

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (PLF). The PLF is allocated to each county based on the county's prior intangibles tax of PLF 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.

**MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(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 10.0% of their gross salaries. The Library contributed an amount equal to 14.0% of participants' gross salaries for 2009 and 2008. The Library has paid all contributions required through December 31, 2009.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Library Board of Trustees:

We have audited the financial statements of the Mechanicsburg Public Library, Champaign County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 18, 2010 wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We also noted the Library revised its financial presentation from that comparable to the requirements of *Governmental Accounting Standard* No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to a format the Auditor of State prescribes or permits. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated March 18, 2010.

We intend this report solely for the information and use of management, the finance committee, Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 18, 2010



MECHANICSBURG PUBLIC LIBRARY  
CHAMPAIGN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Misstated Budget versus Actual Statements	Yes	





Mary Taylor, CPA  
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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  
MAY 6, 2010**