



**Auditor of State
Betty Montgomery**

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Marion School District Public Library
Marion County
445 East Church Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited the accompanying financial statements of the Marion School District Public Library, Marion County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 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. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Marion School District Public Library, Marion County, Ohio, as of December 31, 2003, and December 31, 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 April 7, 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.

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

April 7, 2004

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<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:				
Intergovernmental	\$2,417,824	\$0	\$0	\$2,417,824
Patrons Fines and Fees	78,198	0	0	78,198
Earnings on Investments	36,088	0	13,946	50,034
Contributions, Gifts and Donatins	16,023	0	0	16,023
Other Receipts	9,665	0	0	9,665
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,557,798	0	13,946	2,571,744
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Salaries and Benefits	2,042,232	0	0	2,042,232
Purchased and Contracted Services	329,921	0	0	329,921
Library Materials	528,213	0	0	528,213
Supplies	59,199	0	0	59,199
Other Objects	16,175	0	0	16,175
Capital Outlay	37,741	205,682	0	243,423
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Total Cash Disbursements	3,013,481	205,682	0	3,219,163
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(455,683)	(205,682)	13,946	(647,419)
Fund Cash Balances, January 1, 2003	1,252,142	722,000	639,914	2,614,056
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Fund Cash Balances, December 31, 2003	\$796,459	\$516,318	\$653,860	\$1,966,637
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31, 2003	\$105,944	\$55,069	\$0	\$161,013
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The notes to the financial statements are an integral part of this statement.

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

	<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:				
Intergovernmental	\$2,443,740	\$0	\$0	\$2,443,740
Patrons Fines and Fees	86,993	0	0	86,993
Earnings on Investments	63,876	0	15,875	79,751
Contributions, Gifts and Donations	11,421	0	0	11,421
Other Receipts	11,523	0	0	11,523
	<u>2,617,553</u>	<u>0</u>	<u>15,875</u>	<u>2,633,428</u>
Total Cash Receipts				
	2,617,553	0	15,875	2,633,428
Cash Disbursements:				
Current:				
Salaries and Benefits	1,848,759	0	0	1,848,759
Purchased and Contracted Services	318,400	0	0	318,400
Library Materials	729,724	0	0	729,724
Supplies	68,445	0	0	68,445
Other Objects	18,796	0	0	18,796
	<u>2,984,124</u>	<u>0</u>	<u>0</u>	<u>2,984,124</u>
Total Cash Disbursements				
	2,984,124	0	0	2,984,124
Total Cash Receipts Over/(Under) Cash Disbursements	(366,571)	0	15,875	(350,696)
Fund Cash Balances, January 1, 2002	<u>1,618,713</u>	<u>722,000</u>	<u>624,039</u>	<u>2,964,752</u>
Fund Cash Balances, December 31, 2002	<u><u>\$1,252,142</u></u>	<u><u>\$722,000</u></u>	<u><u>\$639,914</u></u>	<u><u>\$2,614,056</u></u>
Reserve for Encumbrances, December 31, 2002	<u><u>\$386,791</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$386,791</u></u>

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

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marion School District Public Library, Marion 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board of Education of the 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 included in fund cash balances. 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 recorded at cost. Stock securities are recorded at the fair value as of the date donated to the Library. The investment in STAR Ohio (the State Treasurer's Investment Pool) is recorded at share values reported by the Treasurer of State.

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 fund types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except for those required to be accounted for in another fund.

2. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds).

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (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 non-expendable trust fund. Other trust funds are classified as expendable. The Library had the following significant Fiduciary Fund:

Young Estate Expendable Trust Fund – This fund was a bequest of stocks to be used for the benefit of the children’s department for the purchase of books and reference materials.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually. 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 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 investment 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:

	2003	2002
Deposits	\$118,032	\$72,995
Certificates of deposit	1,200,000	1,600,000
Petty cash	712	712
Total deposits and petty cash	1,318,744	1,673,707
STAR Ohio	607,972	900,428
Stock	39,921	39,921
Total investments	647,893	940,349
Total deposits and investments	\$1,966,637	\$2,614,056

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) 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. Stock securities held by the Library in the Young Estate Trust Fund are the foundation of a bequest executed in 1954. The securities are carried at fair market value of the bequest on the date it was executed by the court system. At December 31, 2003, the stocks had a market value of \$227,753.

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,829,591	\$2,557,798	(\$271,793)
Capital Projects	0	0	0
Expendable Trust	10,000	13,946	3,946
Total	<u>\$2,839,591</u>	<u>\$2,571,744</u>	<u>(\$267,847)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,866,767	\$3,119,425	\$747,342
Capital Projects	350,000	260,751	89,249
Expendable Trust	0	0	0
Total	<u>\$4,216,767</u>	<u>\$3,380,176</u>	<u>\$836,591</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,591,620	\$2,617,553	\$25,933
Capital Projects	0	0	0
Expendable Trust	10,000	15,875	5,875
Total	<u>\$2,601,620</u>	<u>\$2,633,428</u>	<u>\$31,808</u>

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,372,921	\$3,370,915	\$1,002,006
Capital Projects	100,000	0	100,000
Expendable Trust	0	0	0
Total	\$4,472,921	\$3,370,915	\$1,102,006

4. LIBRARY LOCAL GOVERNMENT SUPPORT

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. This revenue is recorded as intergovernmental on the financial statements.

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.



**Auditor of State
Betty Montgomery**

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

Marion School District Public Library
Marion County
445 East Church Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited the accompanying financial statements of the Marion School District Public Library, Marion County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated April 7, 2004. 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.

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 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

April 7, 2004



**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

MARION SCHOOL DISTRICT PUBLIC LIBRARY

MARION 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 4, 2004**