



**Auditor of State
Betty Montgomery**

MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Marysville School District Public Library
Union County
231 South Plum Street
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of Marysville School District Public Library, Union 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 described 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, 2003, and December 31, 2002, 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 May 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.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section § 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

May 7, 2004

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library Local Government Support	\$743,943	\$0	\$743,943
Patron Fines and Fees	35,022	0	35,022
Earnings on Investments	3,595	0	3,595
Contributions, Gifts and Donations	9,738	0	9,738
	<u>792,298</u>	<u>0</u>	<u>792,298</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	619,792	0	619,792
Supplies	13,548	0	13,548
Purchased and Contracted Services	92,002	0	92,002
Library Materials and Information	117,746	0	117,746
Other Objects	46,512	0	46,512
Capital Outlay	5,357	15,919	21,276
	<u>894,957</u>	<u>15,919</u>	<u>910,876</u>
Total Cash Disbursements	<u>894,957</u>	<u>15,919</u>	<u>910,876</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(102,659)</u>	<u>(15,919)</u>	<u>(118,578)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	30,000	0	30,000
Transfers-Out	0	(30,000)	(30,000)
	<u>30,000</u>	<u>(30,000)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>30,000</u>	<u>(30,000)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(72,659)	(45,919)	(118,578)
Fund Cash Balances, January 1	<u>98,765</u>	<u>264,640</u>	<u>363,405</u>
Fund Cash Balances, December 31	<u>\$26,106</u>	<u>\$218,721</u>	<u>\$244,827</u>

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

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

**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>Capital Projects</u>	
Cash Receipts:			
Library Local Government Support	\$751,367	\$0	\$751,367
Patron Fines and Fees	29,721	0	29,721
Earnings on Investments	7,290	0	7,290
Contributions, Gifts and Donations	9,937	0	9,937
	<u>798,315</u>	<u>0</u>	<u>798,315</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	600,380	0	600,380
Supplies	16,713	0	16,713
Purchased and Contracted Services	103,595	0	103,595
Library Materials and Information	117,036	0	117,036
Other Objects	48,522	0	48,522
Capital Outlay	6,115	27,827	33,942
	<u>892,361</u>	<u>27,827</u>	<u>920,188</u>
Total Cash Disbursements			
Total Cash Receipts (Under) Cash Disbursements	(94,046)	(27,827)	(121,873)
Fund Cash Balances, January 1	<u>192,811</u>	<u>292,467</u>	<u>485,278</u>
Fund Cash Balances, December 31	<u>\$98,765</u>	<u>\$264,640</u>	<u>\$363,405</u>

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

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marysville School District Public Library, Union 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 Board of Education of the Marysville Exempted Village 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

The Library maintained depository accounts during 2003 and 2002.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is 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 Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital projects fund:

Building and Repair Fund - This fund is used to accumulate resources for the improvement of Library buildings.

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 (that is disbursements and encumbrances) may not exceed appropriations at the fund and function 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

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	2003	2002
Demand deposits	\$244,827	\$363,405
Total deposits	\$244,827	\$363,405

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$947,818	\$894,957	\$52,861
Capital Projects	250,000	45,919	204,081
Total	\$1,197,818	\$940,876	\$256,942

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

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

3. BUDGETARY ACTIVITY

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$991,775	\$892,361	\$99,414
Capital Projects	285,000	27,827	257,173
Total	\$1,276,775	\$920,188	\$356,587

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%. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Marysville School District Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Boilers and Machinery;
- Director and Officer Liability;
- Vehicles; and
- Errors and omissions.

7. SUBSEQUENT EVENT

On March 2, 2004, a one mill operating levy was passed by the electorate. Tax revenue generated from this levy will help defray operating cost of the Library.

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**Auditor of State
Betty Montgomery**

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

Marysville School District Public Library
Union County
231 South Plum Street
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of Marysville School District Public Library, Union 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 May 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. 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 May 7, 2004.

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

Marysville School District Public Library
Union County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of 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

May 7, 2004

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 and 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60680-001	Ohio Revised Code 135.18 – collateral for funds	Yes	

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**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

MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY

UNION 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
JUNE 8, 2004**