



**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Marysville School District Public Library, Union County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000. 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 of the Marysville School District Public Library as of December 31, 2001 and December 31, 2000, 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 January 14, 2002 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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

January 14, 2002

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**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION 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>		<b>Totals</b>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library Local Government Support	\$814,560	\$0	\$814,560
Patron Fines and Fees	21,207	0	21,207
Earnings on Investments	39,886	0	39,886
Miscellaneous Receipts	2,393	0	2,393
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	878,046	0	878,046
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	488,413	0	488,413
Supplies	21,986	0	21,986
Purchased and Contracted Services	139,912	8,255	148,167
Library Materials and Information	133,504	0	133,504
Other Objects	34,056	0	34,056
Capital Outlay	63,856	94,278	158,134
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	881,727	102,533	984,260
Total Cash Receipts Over/(Under) Cash Disbursements	(3,681)	(102,533)	(106,214)
Fund Cash Balances, January 1	196,492	395,000	591,492
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$192,811</u></b>	<b><u>\$292,467</u></b>	<b><u>\$485,278</u></b>

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

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Library Local Government Support	\$788,041	\$0	\$0	\$788,041
Other Government Grants-In-Aid	0	15,000	0	15,000
Patron Fines and Fees	18,352	0	0	18,352
Earnings on Investments	18,411	0	0	18,411
Miscellaneous Receipts	1,688	0	0	1,688
	<u>826,492</u>	<u>15,000</u>	<u>0</u>	<u>841,492</u>
<b>Total Cash Receipts</b>				
	<u>826,492</u>	<u>15,000</u>	<u>0</u>	<u>841,492</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	427,067	0	0	427,067
Supplies	23,790	1,084	0	24,874
Purchased and Contracted Services	191,334	13,916	0	205,250
Library Materials and Information	106,757	0	0	106,757
Other Objects	2,443	0	0	2,443
Capital Outlay	46,702	0	0	46,702
	<u>798,093</u>	<u>15,000</u>	<u>0</u>	<u>813,093</u>
<b>Total Cash Disbursements</b>				
	<u>798,093</u>	<u>15,000</u>	<u>0</u>	<u>813,093</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>28,399</u>	<u>0</u>	<u>0</u>	<u>28,399</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	0	55,000	55,000
Transfers-Out	(55,000)	0	0	(55,000)
	<u>(55,000)</u>	<u>0</u>	<u>55,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(55,000)</u>	<u>0</u>	<u>55,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(26,601)</u>	<u>0</u>	<u>55,000</u>	<u>28,399</u>
<b>Fund Cash Balances, January 1</b>	<u>223,093</u>	<u>0</u>	<u>340,000</u>	<u>563,093</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$196,492</u></u>	<u><u>\$0</u></u>	<u><u>\$395,000</u></u>	<u><u>\$591,492</u></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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Marysville School District Public Library, Union 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 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**

The Library maintained depository accounts and certificates of deposit during 2000 and 2001. Certificates of deposit are valued at cost.

**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:

Library Grant Fund - This fund is used for upgrading the Library's system for the purpose of joining the Central Library Consortium.

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects 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 projects fund:

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

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

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 function level of control.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

**3. Encumbrances**

Prior to January 1, 2001 the Ohio Administrative Code required the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are no longer required to encumber appropriations.

A summary of 2001 and 2000 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.

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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:

	2001	2000
Demand deposits	\$485,278	\$191,492
Certificates of deposit	0	400,000
Total deposits	485,278	591,492

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

At December 31, 2000, \$300,000 of deposits were not insured or collateralized, contrary to Ohio law.

**3. BUDGETARY ACTIVITY**

Although effective January 1, 2001 the Library was not required to develop budgeted receipts the Library did still adopt such estimates for the 2001 fiscal year. Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$866,651	\$878,046	\$11,395
Capital Projects	25,000	0	(25,000)
Total	\$891,651	\$878,046	(\$13,605)

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,037,575	\$881,727	\$155,848
Capital Projects	385,000	102,533	282,467
Total	\$1,422,575	\$984,260	\$438,315

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$780,513	\$826,492	\$45,979
Special Revenue	0	15,000	15,000
Capital Projects	25,000	55,000	30,000
Total	\$805,513	\$896,492	\$90,979

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$973,575	\$853,093	\$120,482
Special Revenue	15,000	15,000	0
Capital Projects	320,000	0	320,000
Total	\$1,308,575	\$868,093	\$440,482

**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 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

**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.



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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Marysville School District Public Library, Union County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated January 14, 2002. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-00680-001.

**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 certain other 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 January 14, 2002.

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.

**JIM PETRO**  
Auditor of State

January 14, 2002

MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

<b>2001-00680-001</b>	
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Ohio Rev. Code Section 135.18 states the treasurer shall require the institution designated as a public depository to pledge security for the repayment of all public moneys to be deposited in the public depository. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. Ohio Rev. Code Section 135.181 also allows, in lieu of the pledging requirements prescribed in section 135.18 of the Revised Code, an institution designated as a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total value of the securities so pledged, is at least equal to one hundred five percent of the total amount of all public deposits to be secured by the pooled securities, including the portion of such deposits covered by any federal deposit insurance.

The Library had uncollateralized deposits of \$300,000 at December 31, 2000.

We recommend the Library monitor its depository balances in relation to pledged security to ensure all deposits are properly secured.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JANUARY 31, 2002**