



**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007-2006**



**Mary Taylor, CPA**  
Auditor of State



MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY

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# Mary Taylor, CPA

Auditor of State

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

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 a interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 21, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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, 2007 and 2006. 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. 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 the 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, 2007 and 2006 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, 2007 and 2006, 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 fund cash balances of the Marysville School District Public Library, Union County, Ohio as of December 31, 2007, and December 31, 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 April 21, 2008, 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

April 21, 2008



**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 664,928	\$ -	\$ 664,928
Library and Local Government Support	752,640	-	752,640
Intergovernmental	166,518	-	166,518
Patron Fines and Fees	59,547	-	59,547
Contributions, Gifts and Donations	13,491	-	13,491
Earnings on Investments	37,482	-	37,482
	<u>1,694,606</u>	<u>-</u>	<u>1,694,606</u>
<b>Total Cash Receipts</b>			
	<u>1,694,606</u>	<u>-</u>	<u>1,694,606</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	691,095	-	691,095
Employee Fringe Benefits	158,098	-	158,098
Purchased and Contracted Services	142,193	-	142,193
Library Materials and Information	252,210	-	252,210
Supplies	31,296	-	31,296
Other	69,491	-	69,491
Capital Outlay	75,146	446,459	521,605
	<u>1,419,529</u>	<u>446,459</u>	<u>1,865,988</u>
<b>Total Cash Disbursements</b>			
	<u>1,419,529</u>	<u>446,459</u>	<u>1,865,988</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>275,077</u>	<u>(446,459)</u>	<u>(171,382)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	165,000	165,000
Transfers-Out	(165,000)	-	(165,000)
	<u>(165,000)</u>	<u>165,000</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(165,000)</u>	<u>165,000</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>110,077</u>	<u>(281,459)</u>	<u>(171,382)</u>
<b>Fund Cash Balances, January 1</b>	<u>342,818</u>	<u>526,270</u>	<u>869,088</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 452,895</u>	<u>\$ 244,811</u>	<u>\$ 697,706</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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 649,433	\$ -	\$ 649,433
Library and Local Government Support	752,740	-	752,740
Intergovernmental	110,050	-	110,050
Patron Fines and Fees	48,991	-	48,991
Contributions, Gifts and Donations	63,314	2,500	65,814
Earnings on Investments	33,551	-	33,551
Miscellaneous	5,073	-	5,073
	<u>1,663,152</u>	<u>2,500</u>	<u>1,665,652</u>
<b>Total Cash Receipts</b>			
	<u>1,663,152</u>	<u>2,500</u>	<u>1,665,652</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	653,080	-	653,080
Employee Fringe Benefits	150,810	-	150,810
Purchased and Contracted Services	124,713	-	124,713
Library Materials and Information	230,370	-	230,370
Supplies	19,063	-	19,063
Other	80,750	-	80,750
Capital Outlay	21,437	57,976	79,413
	<u>1,280,223</u>	<u>57,976</u>	<u>1,338,199</u>
<b>Total Cash Disbursements</b>			
	<u>1,280,223</u>	<u>57,976</u>	<u>1,338,199</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>382,929</u>	<u>(55,476)</u>	<u>327,453</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	322,000	322,000
Transfers-Out	(322,000)	-	(322,000)
	<u>(322,000)</u>	<u>322,000</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(322,000)</u>	<u>322,000</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	60,929	266,524	327,453
<b>Fund Cash Balances, January 1</b>	<u>281,889</u>	<u>259,746</u>	<u>541,635</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 342,818</u></u>	<u><u>\$ 526,270</u></u>	<u><u>\$ 869,088</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, 2007 AND 2006**

**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 Marysville School District Public Library, Union County, Ohio, (the Library) as a body corporate and politic. 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 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.

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.

The Library values repurchase agreements at cost.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**2. Capital Project 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, 2007 AND 2006  
(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) may not exceed appropriations at the fund, and function level of control.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$158,706	\$404,088
Investments	539,000	465,000
Total deposits and investments	<u>\$697,706</u>	<u>\$869,088</u>

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

**Investments:** The Library's financial institution transfers securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and December 31 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,600,000	\$1,694,606	\$94,606
Capital Projects	165,000	165,000	0
Total	\$1,765,000	\$1,859,606	\$94,606

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,842,000	\$1,584,529	\$257,471
Capital Projects	691,000	446,459	244,541
Total	\$2,533,000	\$2,030,988	\$502,012

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,563,000	\$1,663,152	\$100,152
Capital Projects	0	2,500	2,500
Total	\$1,563,000	\$1,665,652	\$102,652

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,842,000	\$1,602,223	\$239,777
Capital Projects	259,000	57,976	201,024
Total	\$2,101,000	\$1,660,199	\$440,801

**MARYSVILLE SCHOOL DISTRICT PUBLIC LIBRARY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 9.5 percent in 2007 and 9.0 percent in 2006 of their gross salaries. The Library contributed an amount equal to 13.85 percent in 2007 and 13.70 percent in 2006 of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**6. RISK MANAGEMENT**

The 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.



# 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*

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

To the Board of Trustees:

We have audited the financial statements of the Marysville School District Public Library, Union County, Ohio, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated April 21, 2008, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the Library's management in a separate letter dated April 21, 2008.

### **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 not a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated April 21, 2008.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 21, 2008





**Mary Taylor, CPA**  
Auditor of State

**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 19, 2008**