



**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 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 and reserves for encumbrances of the Marion 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 April 19, 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 the audit committee, management, 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, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

April 19, 2002

**MARION SCHOOL DISTRICT LIBRARY
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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:				
Property and Other Local Taxes	\$2,650,305	\$0	\$0	\$2,650,305
Patron Fines and Fees	81,343	0	0	81,343
Earnings on Investments	144,894	0	32,952	177,846
Contributions, Gifts and Donations	3,544	0	0	3,544
Miscellaneous Receipts	9,415	0	0	9,415
Total Cash Receipts	<u>2,889,501</u>	<u>0</u>	<u>32,952</u>	<u>2,922,453</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,645,186	0	0	1,645,186
Supplies	65,200	0	0	65,200
Purchased and Contracted Services	335,095	0	0	335,095
Library Materials and Information	666,656	0	0	666,656
Other Objects	15,777	0	0	15,777
Capital Outlay	131,994	128,000	0	259,994
Total Cash Disbursements	<u>2,859,908</u>	<u>128,000</u>	<u>0</u>	<u>2,987,908</u>
Total Cash Receipts Over/(Under) Cash Disbursements	29,593	(128,000)	32,952	(65,455)
Fund Cash Balances, January 1, 2001	<u>1,589,120</u>	<u>850,000</u>	<u>591,087</u>	<u>3,030,207</u>
Fund Cash Balances, December 31, 2001	<u>\$1,618,713</u>	<u>\$722,000</u>	<u>\$624,039</u>	<u>\$2,964,752</u>
Reserves for Encumbrances, December 31, 2001	<u>\$308,644</u>	<u>\$0</u>	<u>\$0</u>	<u>\$308,644</u>

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

**MARION SCHOOL DISTRICT LIBRARY
MARION COUNTY**

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

	<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:				
Property and Other Local Taxes	\$2,603,387	\$0	\$0	\$2,603,387
Patron Fines and Fees	97,371	0	0	97,371
Earnings on Investments	97,609	0	32,621	130,230
Contributions, Gifts and Donations	2,850	0	0	2,850
Miscellaneous Receipts	4,561	0	0	4,561
Total Cash Receipts	2,805,778	0	32,621	2,838,399
Cash Disbursements:				
Current:				
Salaries and Benefits	1,369,005	0	0	1,369,005
Supplies	54,050	0	0	54,050
Purchased and Contracted Services	287,472	0	0	287,472
Library Materials and Information	572,071	0	0	572,071
Other Objects	14,525	0	0	14,525
Capital Outlay	182,526	0	0	182,526
Total Cash Disbursements	2,479,649	0	0	2,479,649
Total Cash Receipts Over/(Under) Cash Disbursements	326,129	0	32,621	358,750
Other Financing Receipts/(Disbursements):				
Transfers-In	0	450,000	0	450,000
Transfers-Out	(450,000)	0	0	(450,000)
Total Other Financing Receipts/(Disbursements)	(450,000)	450,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(123,871)	450,000	32,621	358,750
Fund Cash Balances, January 1, 2000	1,712,991	400,000	558,466	2,671,457
Fund Cash Balances, December 31, 2000	\$1,589,120	\$850,000	\$591,087	\$3,030,207
Reserves for Encumbrances, December 31, 2000	\$322,841	\$0	\$0	\$322,841

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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marion School District Public Library, Marion 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

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. Common stock is 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 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 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 funds:

Capital Projects Fund - This fund is used to accumulate resources for the acquisition of fixed assets or construction of major capital projects.

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

**MARION 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. 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 nonexpendable 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.

1. Appropriations

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/object level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be re-appropriated.

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

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION 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	\$440,397	\$543,387
Certificates of deposit	<u>1,600,000</u>	<u>2,075,000</u>
Total deposits	<u>2,040,397</u>	<u>2,618,387</u>
STAR Ohio	884,435	371,900
Securities (Stocks)	<u>155,974</u>	<u>155,974</u>
Total Investments	<u>1,040,409</u>	<u>527,874</u>
Total Deposits and Investments	<u>\$3,080,806</u>	<u>\$3,146,261</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool, or (3) collateralized by securities specifically pledged by the financial institution to the Library

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Stocks: 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, 2001, the stocks had a market value of \$214,645.

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:

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,846,519	\$2,889,501	\$42,982
Capital Projects	0	0	0
Expendable Trust	7,500	32,952	25,452
Total	\$2,854,019	\$2,922,453	\$68,434

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,138,179	\$3,168,552	\$969,627
Capital Projects	0	128,000	(128,000)
Expendable Trust	0	0	0
Total	\$4,138,179	\$3,296,552	\$841,627

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,599,954	\$2,805,778	\$205,824
Capital Projects	400,000	450,000	50,000
Expendable Trust	6,400	62,756	56,356
Total	\$3,006,354	\$3,318,534	\$312,180

**MARION SCHOOL DISTRICT PUBLIC LIBRARY
MARION COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,228,047	\$3,252,490	\$975,557
Capital Projects	0	0	0
Expendable Trust	0	0	0
Total	\$4,228,047	\$3,252,490	\$975,557

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 also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Marion 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***

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, 2001 and December 31, 2000, and have issued our report thereon dated April 19, 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 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.

Marion School District Public Library
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

JIM PETRO
Auditor of State

April 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 21, 2002**