



**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2290

To the Board of Trustees:

We have audited the accompanying financial statements of the Kaubisch Memorial Public Library, Seneca County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 Library as of December 31, 1999 and 1998, 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 March 13, 2000 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.

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

March 13, 2000

**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, 1999**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Taxes	\$ 712,718	\$ 0	\$ 0	\$ 712,718
Other Government Grants-In-Aid	50,000			50,000
Patron Fines and Fees	6,820			6,820
Earnings on Investments	16,689			16,689
Contributions, Gifts and Donations	4,079			4,079
Miscellaneous Receipts	19,366			19,366
Total Cash Receipts	<u>809,672</u>	<u>0</u>	<u>0</u>	<u>809,672</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	390,110			390,110
Supplies	23,704			23,704
Purchased and Contracted Services	65,720	899		66,619
Material and Information	151,409			151,409
Other Objects	5,435			5,435
Capital Outlay	18,763	17,977		36,740
Total Cash Disbursements	<u>655,141</u>	<u>18,876</u>	<u>0</u>	<u>674,017</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>154,531</u>	<u>(18,876)</u>	<u>0</u>	<u>135,655</u>
Other Financing Receipts/(Disbursements):				
Advances-In		18,876		18,876
Advances-Out	(18,876)			(18,876)
Total Other Financing Receipts/(Disbursements)	<u>(18,876)</u>	<u>18,876</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	135,655	0	0	135,655
Fund Cash Balances, January 1	<u>469,814</u>	<u>7,073</u>	<u>2,727</u>	<u>479,614</u>
Fund Cash Balances, December 31	<u>\$ 605,469</u>	<u>\$ 7,073</u>	<u>\$ 2,727</u>	<u>\$ 615,269</u>
Reserves for Encumbrances, December 31	<u>\$ 10,100</u>	<u>\$ 300</u>	<u>\$ 0</u>	<u>\$ 10,400</u>

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

**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, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>		
Cash Receipts:					
Taxes	\$ 660,131	\$ 0	\$ 0	\$ 0	\$ 660,131
Other Government Grants-In-Aid	50,000				50,000
Patron Fines and Fees	6,695				6,695
Earnings on Investments	14,352				14,352
Contributions, Gifts and Donations	6,734				6,734
Miscellaneous Receipts	20,373				20,373
Total Cash Receipts	<u>758,285</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>758,285</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	368,904				368,904
Supplies	18,280				18,280
Purchased and Contracted Services	68,589				68,589
Material and Information	133,600				133,600
Other Objects	5,395				5,395
Capital Outlay	18,400				18,400
Total Cash Disbursements	<u>613,168</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>613,168</u>
Total Cash Receipts Over Cash Disbursements	145,117	0	0	0	145,117
Fund Cash Balances, January 1	<u>324,697</u>	<u>7,073</u>	<u>2,727</u>	<u>0</u>	<u>334,497</u>
Fund Cash Balances, December 31	<u>\$ 469,814</u>	<u>\$ 7,073</u>	<u>\$ 2,727</u>	<u>\$ 0</u>	<u>\$ 479,614</u>
Reserves for Encumbrances, December 31	<u>\$ 13,406</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,406</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Kaubisch Memorial Public Library, Seneca 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 the State of Ohio. The Library is directed by a six-member Board of Trustees appointed by City of Fostoria. 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

Certificates of deposit are valued 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 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 Project 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 enterprise or trust funds). The Library had the following significant capital project fund:

The Telecommunity Grant fund is used for the purpose of recording revenue and expenditures for the telecommunity grant.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

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:

The Janet Green fund which is an expendable trust to be used for the purchase of foreign language material.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 1999 and 1998 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. Unpaid Vacation

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as liabilities under the cash basis of accounting used by the Library.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 148,317	\$ 126,100
Certificates of deposit	<u>466,952</u>	<u>353,514</u>
Total deposits	<u>\$ 615,269</u>	<u>\$ 479,614</u>

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 772,233	\$ 809,672	\$ 37,439
Capital Projects	0	0	0
Expendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 772,233</u>	<u>\$ 809,672</u>	<u>\$ 37,439</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,209,765	\$ 655,141	\$ 554,624
Capital Projects	25,949	18,876	7,073
Expendable Trust	<u>2,727</u>	<u>0</u>	<u>2,727</u>
Total	<u>\$ 1,238,441</u>	<u>\$ 674,017</u>	<u>\$ 564,424</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 678,863	\$ 758,285	\$ 79,422
Capital Projects	0	0	0
Expendable Trust	0	0	0
Total	\$ 678,863	\$ 758,285	\$ 79,422

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 994,914	\$ 613,168	\$ 381,746
Capital Projects	7,073	0	7,073
Expendable Trust	2,727	0	2,727
Total	\$ 1,004,714	\$ 613,168	\$ 391,546

4. TAX RECEIPTS

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 on account of any additional revenues realized by the Library.

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. 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. The Library has paid all contributions required through December 31, 1999.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions
- Inland Marine

The Library also provides health insurance coverage to full-time employees through a private carrier.

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

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2290

To the Board of Trustees:

We have audited the accompanying financial statements of the Kaubisch Memorial Public Library, Seneca County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 13, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Library in a separate letter dated March 13, 2000.

This report is intended 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

March 13, 2000



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KAUBISCH MEMORIAL PUBLIC LIBRARY

SENECA 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
APRIL 11, 2000**