

**GALION PUBLIC LIBRARY  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Galion Public Library  
123 N. Market Street  
Galion, Ohio 44833

We have reviewed the *Independent Accountants' Report* of the Galion Public Library, Crawford County, prepared by Knox & Knox, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Galion Public Library is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 31, 2009

**This Page is Intentionally Left Blank.**

GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report. . . . .	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2008. . . . .	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2007. . . . .	4
Notes to the Financial Statements. . . . .	5
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> . . . . .	10

This page is intentionally left blank.

# KNOX & KNOX

---

Accountants and Consultants

## INDEPENDENT ACCOUNTANTS' REPORT

Galion Public Library  
Crawford County  
123 North Market Street  
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion Public Library, Crawford County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

As described more fully in Note 1, the Library has prepared its 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. While the Library does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Galion Public Library, Crawford County as of December 31, 2008 and 2007, or their 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 combined fund cash balances of the Galion Public Library, Crawford County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting 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 June 26, 2009, 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 and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

KNOX & KNOX

Orrville, Ohio  
June 26, 2009



GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>CASH RECEIPTS:</b>				
Library and Local Government Support	\$629,480			\$629,480
Patron Fines and Fees	21,852			21,852
Services Provided to Other Entities	76			76
Contributions, Gifts and Donations	8,637	\$37,018	\$4,200	49,855
Earnings on Investments	73,041			73,041
Miscellaneous	410			410
	<u>733,496</u>	<u>37,018</u>	<u>4,200</u>	<u>774,714</u>
<b>Total Cash Receipts</b>				
<b>CASH DISBURSEMENTS:</b>				
Current:				
Salaries	323,471			323,471
Employee Fringe Benefits	75,878			75,878
Purchased and Contracted Services	101,812	7,547	11,576	120,935
Library Materials and Information	110,191	746		110,937
Supplies	13,987			13,987
Other Objects	2,117			2,117
Capital Outlay	2,928		2,420	5,348
	<u>630,384</u>	<u>8,293</u>	<u>13,996</u>	<u>652,673</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	103,112	28,725	(9,796)	122,041
Fund Cash Balances, January 1	<u>588,354</u>	<u>202,660</u>	<u>1,008,907</u>	<u>1,799,921</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u><u>\$691,466</u></u>	<u><u>\$231,385</u></u>	<u><u>\$999,111</u></u>	<u><u>\$1,921,962</u></u>

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

GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Library and Local Government Support	\$639,806			\$639,806
Patron Fines and Fees	19,919	\$90		20,009
Services Provided to Other Entities	55			55
Contributions, Gifts and Donations	9,033	10,000	\$7,800	26,833
Earnings on Investments	71,545			71,545
Miscellaneous	853			853
Total Cash Receipts	741,211	10,090	7,800	759,101
<b>CASH DISBURSEMENTS:</b>				
Current:				
Salaries	328,094			328,094
Employee Fringe Benefits	75,584			75,584
Purchased and Contracted Services	109,199	9,013	1,388	119,600
Library Materials and Information	118,190			118,190
Supplies	15,545	3,164	5,100	23,809
Other Objects	2,037			2,037
Capital Outlay	3,678	1,718	7,931	13,327
Total Cash Disbursements	652,327	13,895	14,419	680,641
Total Receipts Over/(Under) Disbursements	88,884	(3,805)	(6,619)	78,460
<b>OTHER FINANCING RECEIPTS AND (DISBURSEMENTS)</b>				
Sale of Fixed Assets	1,321			1,321
Total Other Financing Receipts (Disbursements)	1,321			1,321
Excess of Cash Receipts and other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	90,205	(3,805)	(6,619)	79,781
Fund Cash Balances, January 1	498,149	206,465	1,015,526	1,720,140
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$588,354</b>	<b>\$202,660</b>	<b>\$1,008,907</b>	<b>\$1,799,921</b>

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

GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF ENTITY**

Galion Public Library, Crawford County, Ohio (the Library) is a body politic and corporate 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 nine-member Board of Trustees appointed by the Galion Public Library Association. Library Trustees serve without compensation. The library provides the community with various educational and literary resources. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of Galion Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The resources received by the Library from the Friends is not considered. Therefore, this organization has been excluded from the reporting entity of the Library

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. This accounting basis is similar to the cash receipts and disbursements basis. 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.

In 2005 and 2006, the library employed the cash basis of accounting presented pursuant to GASB 34.

GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

C. CASH AND INVESTMENTS

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through Library records.

Investments are reported as assets. 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 negative receipts, respectively.

During 2008 and 2007 the Library maintained nonnegotiable certificates of deposit, and an interest bearing savings account. Interest credited to the General Fund during 2008 amounted to \$73,041 and during 2007 amounted to \$71,545.

D. FUND ACCOUNTING

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds as governmental.

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

*General Fund* - The general fund accounts for all financial resources except those required to be accounted for in another funds. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Building Fund* - The building and repair fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

*Enrichment Fund* - The Enrichment Fund receives gifts and donations to benefit the Library, its collections and services. Such projects might include acquisition of equipment, material or collections, special programs, etc.

E. Budgetary Process

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 and function level of control

A summary of 2008 and 2007 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.

GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains an cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows.

	2008	2007
Demand deposits	\$350,197	\$228,596
Certificates of deposit	1,571,765	1,571,325
Total deposits	1,921,962	1,799,921

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Library.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$697,400	\$733,496	\$36,096
Special Revenue	300	37,018	36,718
Capital Projects		4,200	4,200
Total	\$697,700	\$774,714	\$77,014

2008 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$952,000	\$630,384	\$321,616
Special Revenue	63,000	8,293	54,707
Capital Projects	650,000	13,996	636,004
Total	\$1,665,000	\$652,673	\$1,012,327

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$688,500	\$742,532	54,032
Special Revenue	530	10,090	9,560
Capital Projects		7,800	7,800
Total	\$689,030	\$760,422	\$71,392

GALION PUBLIC LIBRARY  
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**3. BUDGETARY ACTIVITY** (continued)

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$912,655	\$652,327	\$260,328
Special Revenue	68,000	13,895	54,105
Capital Projects	584,927	14,419	570,508
Total	\$1,565,582	\$680,641	\$884,941

**4. RETIREMENT SYSTEM**

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members contributed 10% and 9.5% of their gross salaries, respectively. The Library contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

**5. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007 the Library contracted with several companies for various types of insurance coverages as follows:

- Comprehensive Property and General Liability
- Fine Arts, Valuable Papers and Records, Data Processing;
- Errors and Omissions; and
- Employee Dishonesty

Settled claims have not exceeded insurance coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

This page is intentionally left blank.

# KNOX & KNOX

---

Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Galion Public Library  
Crawford County  
123 North Market Street  
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion Public Library, Crawford County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 26, 2009, wherein we noted the Library followed accounting practices the Auditor of State permits 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits, 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 functions, 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 misstatement.

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



COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance 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 that are required to be reported under *Government Auditing Standards*.

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

*KNOX & KNOX*

Orrville, Ohio  
June 26, 2009





Mary Taylor, CPA  
Auditor of State

**GALION PUBLIC LIBRARY**

**CRAWFORD 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  
AUGUST 13, 2009**