



Mary Taylor, CPA
Auditor of State

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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Mary Taylor, CPA
Auditor of State

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2265

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. 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.

Mary Taylor

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July 14, 2010

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2265

To the Board of Trustees:

We have audited the accompanying financial statements of Kaubisch Memorial Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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 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 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, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of Kaubisch Memorial Public Library, Seneca County, as of December 31, 2009 and 2008, 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 July 14, 2010, 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

July 14, 2010

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>All Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$563,902				\$563,902
Intergovernmental	30,000				30,000
Patron Fines and Fees	13,400				13,400
Contributions, Gifts and Donations	10,563				10,563
Earnings on Investments	11,934	\$4,482		\$42,340	58,756
Miscellaneous	32,674				32,674
Total Cash Receipts	<u>662,473</u>	<u>4,482</u>		<u>42,340</u>	<u>709,295</u>
Cash Disbursements:					
Current:					
Salaries	357,537				357,537
Employee Fringe Benefits	118,060				118,060
Purchased and Contractual Services	46,788			27,805	74,593
Library Materials and Information	81,268				81,268
Supplies	1,461			14,582	16,043
Other	3,406				3,406
Capital Outlay	544				544
Total Cash Disbursements	<u>609,064</u>			<u>42,387</u>	<u>651,451</u>
Total Receipts Over/(Under) Disbursements	53,409	4,482		(47)	57,844
Fund Cash Balances, January 1	516,704	165,938	\$5,375	1,058,605	1,746,622
Fund Cash Balances, December 31	<u>\$570,113</u>	<u>\$170,420</u>	<u>\$5,375</u>	<u>\$1,058,558</u>	<u>\$1,804,466</u>
Reserve for Encumbrances, December 31	<u>\$2,972</u>	<u>\$2,600</u>			<u>\$5,572</u>

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

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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

	<u>All Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$686,254				\$686,254
Intergovernmental	30,000				30,000
Patron Fines and Fees	14,590				14,590
Contributions, Gifts and Donations	14,875				14,875
Earnings on Investments	20,179	\$7,255		\$45,478	72,912
Miscellaneous	23,834				23,834
Total Cash Receipts	<u>789,732</u>	<u>7,255</u>		<u>45,478</u>	<u>842,465</u>
Cash Disbursements:					
Current:					
Salaries	416,640				416,640
Employee Fringe Benefits	121,451				121,451
Purchased and Contractual Services	56,703		\$1,458	22,129	80,290
Library Materials and Information	134,055				134,055
Supplies	1,941			23,015	24,956
Other	6,512				6,512
Capital Outlay	14,916			754	15,670
Total Cash Disbursements	<u>752,218</u>		<u>1,458</u>	<u>45,898</u>	<u>799,574</u>
Total Receipts Over/(Under) Disbursements	37,514	7,255	(1,458)	(420)	42,891
Fund Cash Balances, January 1	479,190	158,683	6,833	1,059,025	1,703,731
Fund Cash Balances, December 31	<u>\$516,704</u>	<u>\$165,938</u>	<u>\$5,375</u>	<u>\$1,058,605</u>	<u>\$1,746,622</u>
Reserve for Encumbrances, December 31	<u>\$8,853</u>			<u>\$10,000</u>	<u>\$18,853</u>

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

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Kaubisch Memorial Public Library, Seneca County, (the Library) as a body corporate and politic. The City of Fostoria appoints a six-member Board of Trustees to govern the Library. 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. Accounting Basis

These financial statements follow the accounting basis 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. 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 the Auditor of State prescribes or permits.

C. Deposits 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 certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

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

2. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following special revenue fund:

Emily Smith Fund – This fund is a trust which may be used for any Library purpose.

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following capital project fund:

Building and Repair Fund – This fund was established to pay for repairs and maintenance to the Library.

4. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following permanent fund:

Evelyn Cranch Fund – This fund is a trust for which the earnings are to be used for the purchase of land, buildings, furnishing, supplies and equipment for the Library.

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, function, and object level of control.

A summary of 2009 and 2008 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 Deposits and Investments

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

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2009	2008
Demand deposits	\$216,315	\$164,523
Certificates of deposit	533,215	549,502
Total deposits	749,530	714,025
Money Market Mutual Funds	1,054,936	1,032,597
Total deposits and investments	\$1,804,466	\$1,746,622

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library or collateralized by the financial institution's public entity deposit pool.

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$725,196	\$662,473	(\$62,723)
Special Revenue	3,600	4,482	882
Permanent	40,000	42,340	2,340
Total	\$768,796	\$709,295	(\$59,501)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,241,900	\$612,036	\$629,864
Special Revenue	169,538	2,600	166,938
Capital Projects	5,375		5,375
Permanent	308,774	42,387	266,387
Total	\$1,725,587	\$657,023	\$1,068,564

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$789,543	\$789,732	\$189
Special Revenue	6,700	7,255	555
Permanent	50,000	45,478	(4,522)
Total	\$846,243	\$842,465	(\$3,778)

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,268,733	\$761,071	\$507,662
Special Revenue	165,383		165,383
Capital Projects	6,833	1,458	5,375
Permanent	319,194	55,898	263,296
Total	\$1,760,143	\$818,427	\$941,716

4. Grants-In-Aid

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.

5. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Excess Liability;
- Commercial crime;
- Electronic data processing;
- General floater;
- Umbrella;
- Commercial articles; and
- Valuable papers.



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*

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2265

To the Board of Trustees:

We have audited the financial statements of Kaubisch Memorial Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 14, 2010, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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 note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 14, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 14, 2010



Mary Taylor, CPA
Auditor of State

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
JULY 27, 2010