



Mary Taylor, CPA  
Auditor of State



**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

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Mary Taylor, CPA  
Auditor of State

Kingsville Public Library  
Ashtabula County  
PO Box 57  
Kingsville, Ohio 44048-0057

To the Kingsville Library 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*

**Mary Taylor, CPA**  
Auditor of State

March 9, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Kingsville Public Library  
Ashtabula County  
PO Box 57  
Kingsville, Ohio 44048-0057

To the Kingsville Library Trustees:

We have audited the accompanying financial statements of Kingsville Public Library, Ashtabula County, (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 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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, 2008 and 2007 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, 2008 and 2007, 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 combined fund cash balances of Kingsville Public Library, Ashtabula County, as of December 31, 2008 and 2007, and its combined 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 March 9, 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

March 9, 2010

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

	<u>All Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$103,223	\$0	\$0	\$103,223
Library and Local Government Support	267,641			267,641
Intergovernmental	14,603			14,603
Patron Fines and Fees	5,934			5,934
Services Provided to Other Entities	1,600			1,600
Contributions, Gifts and Donations	4,435			4,435
Earnings on Investments	3,954		16	3,970
Miscellaneous	10,628			10,628
<b>Total Cash Receipts</b>	<u>412,018</u>	<u>0</u>	<u>16</u>	<u>412,034</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	224,655			224,655
Employee Fringe Benefits	34,986			34,986
Purchased and Contractual Services	53,013			53,013
Library Materials and Information	75,448			75,448
Supplies	19,956			19,956
Other	8,477			8,477
Capital Outlay	11,272			11,272
<b>Total Cash Disbursements</b>	<u>427,807</u>	<u>0</u>	<u>0</u>	<u>427,807</u>
Total Receipts Over/(Under) Disbursements	(15,789)	0	16	(15,773)
Fund Cash Balances, January 1	89,974	742	796	91,512
<b>Fund Cash Balances, December 31</b>	<u><b>\$74,185</b></u>	<u><b>\$742</b></u>	<u><b>\$812</b></u>	<u><b>\$75,739</b></u>

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

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Disbursements:</b>	
Purchased Services	\$23,287
Total Operating Cash Disbursements	23,287
Operating Income/(Loss)	(23,287)
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	1,769
Total Non-Operating Cash Receipts	1,769
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	116,880
Total Non-Operating Cash Disbursements	116,880
Net Receipts Over/(Under) Disbursements	(138,398)
Fund Cash Balances, January 1	138,398
<b>Fund Cash Balances, December 31</b>	<b>\$0</b>

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

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

	<u>All Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$108,691	\$0	\$0	\$108,691
Library and Local Government Support	268,379			268,379
Intergovernmental	11,600			11,600
Patron Fines and Fees	6,760			6,760
Services Provided to Other Entities	10			10
Contributions, Gifts and Donations	7,733			7,733
Earnings on Investments	1,160	1	15	1,176
Miscellaneous	116			116
<b>Total Cash Receipts</b>	<b>404,449</b>	<b>1</b>	<b>15</b>	<b>404,465</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	208,845			208,845
Employee Fringe Benefits	32,207			32,207
Purchased and Contractual Services	65,176			65,176
Library Materials and Information	61,746			61,746
Supplies	21,441			21,441
Other	3,569			3,569
Capital Outlay	28,635			28,635
<b>Total Cash Disbursements</b>	<b>421,619</b>	<b>0</b>	<b>0</b>	<b>421,619</b>
Total Receipts Over/(Under) Disbursements	(17,170)	1	15	(17,154)
Fund Cash Balances, January 1	107,144	741	781	108,666
<b>Fund Cash Balances, December 31</b>	<b><u>\$89,974</u></b>	<b><u>\$742</u></b>	<b><u>\$796</u></b>	<b><u>\$91,512</u></b>

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

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Services Provided to Other Entities	\$166,151
Miscellaneous	34
	166,185
Total Operating Cash Receipts	166,185
<b>Operating Cash Disbursements:</b>	
Purchased Services	136,613
Supplies and Materials	396
Other	3,053
	140,062
Total Operating Cash Disbursements	140,062
Operating Income/(Loss)	26,123
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	1,851
	1,851
Total Non-Operating Cash Receipts	1,851
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	1,572
	1,572
Total Non-Operating Cash Disbursements	1,572
Net Receipts Over/(Under) Disbursements	26,402
Fund Cash Balances, January 1	111,996
<b>Fund Cash Balances, December 31</b>	<b>\$138,398</b>

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

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 Kingsville Public Library, Ashtabula County, (the Library) as a body corporate and politic. Buckeye Local School District appoints a 7-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 and common stock at cost or fair value when donated.

**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. Capital Project Funds**

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

Building Permanent Improvement – The Board established this fund with monies from the General Fund. Currently, interest, donations and miscellaneous revenues are the funding sources which are used for capital improvements at the Library.

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**3. Permanent Funds**

These funds account 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 significant permanent fund:

Endowment Fund – The Library received a donation of stock in a prior year with the proceeds from dividends/interest to be used for the betterment of the Library.

**4. Fiduciary Fund Type**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Library disburses these funds as directed by the individual, organizations or other governments. The Library had one agency fund:

The Library is the fiscal agent for the benefit of the Council of Ashtabula County Libraries.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary may not exceed appropriations at the fund, function, and object 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.

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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:

	2008	2007
Demand deposits	\$11,449	\$113,089
Certificates of deposit	55,008	103,450
Other time deposits (savings and NOW accounts)	9,012	13,101
Total deposits	75,469	229,640
Investments:		
Common stock (at cost, fair value was \$48.58 and \$72.34 at December 31, 2008 and 2007, respectively.)	270	270
Total investments	270	270
Total deposits and investments	\$75,739	\$229,910

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

**Investments:** The Library received a donation of seven shares of First Energy Corp. common stock with a market value of \$270 (\$38.58/share) at the date of donation on June 9, 1998. The market value of the stock on December 31, 2008 was \$48.58 and \$72.34 on December 31, 2007.

**3. BUDGETARY ACTIVITY**

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$414,152	\$412,018	(\$2,134)
Capital Projects	2		(2)
Permanent	15	16	1
Agency	100	1,769	1,669
Total	\$414,269	\$413,803	(\$466)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$504,097	\$427,807	\$76,290
Capital Projects	750		750
Permanent	800		800
Agency	138,498	140,167	(1,669)
Total	\$644,145	\$567,974	\$76,171

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$427,739	\$404,449	(\$23,290)
Capital Projects	105	1	(104)
Permanent	15	15	0
Agency	166,537	168,036	1,499
Total	\$594,396	\$572,501	(\$21,895)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$534,883	\$421,619	\$113,264
Capital Projects	750		750
Permanent	750		750
Agency	278,533	141,634	136,899
Total	\$814,916	\$563,253	\$251,663

**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 Department of Taxation, Division 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.

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. RETIREMENT SYSTEMS**

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 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

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# 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*

Kingsville Public Library  
Ashtabula County  
PO Box 57  
Kingsville, Ohio 44048-0057

To the Library Board of Trustees:

We have audited the financial statements of the Kingsville Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 9, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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 statement 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.

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### **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 intend this report solely for the information and use of the audit committee, management, and Library Board of Trustees. 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

March 9, 2010



Mary Taylor, CPA  
Auditor of State

**KINGSVILLE PUBLIC LIBRARY**

**ASHTABULA 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  
MARCH 25, 2010**