



**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005



**Auditor of State
Betty Montgomery**

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

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**Auditor of State
Betty Montgomery**

Tiffin-Seneca Public Library
Seneca County
77 Jefferson Street
Tiffin, Ohio 44883-2339

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 a February 2, 2005, 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 26, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Tiffin-Seneca Public Library
Seneca County
77 Jefferson Street
Tiffin, Ohio 44883-2339

To the Board of Trustees:

We have audited the accompanying financial statements of Tiffin-Seneca Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require Library's to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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, 2005 and 2004, 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, 2005 and 2004, or its changes in financial position for the year 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 Tiffin-Seneca Public Library, Seneca County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 May 26, 2006, 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.



Betty Montgomery
Auditor of State

May 26, 2006

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA 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, 2005**

	<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	\$ 1,177,064			\$1,177,064
Patron Fines and Fees	44,576			44,576
Earnings on Investments	60,214	\$ 4,690		64,904
Contributions, Gifts and Donations	23,248			23,248
Miscellaneous Receipts	4,940			4,940
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,310,042	4,690		1,314,732
Cash Disbursements:				
Current:				
Salaries and Benefits	894,782			894,782
Purchased and Contracted Services	114,113			114,113
Supplies	34,095			34,095
Library Materials and Information	195,632			195,632
Other Objects	9,349			9,349
Capital Outlay	112,789			112,789
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,360,760			1,360,760
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(50,718)	4,690		(46,028)
Other Financing Receipts/(Disbursements):				
Transfers-In	104,882	9,271		114,153
Transfers-Out	(9,320)	(104,882)		(114,202)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	95,562	(95,611)		(49)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	44,844	(90,921)		(46,077)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	471,008	1,248,109	\$ 269,064	1,988,181
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$515,852	\$1,157,188	\$269,064	\$1,942,104

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

TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Income:	
Transfers-In	49
Fund Cash Balances, January 1	<u>46,014</u>
Fund Cash Balances, December 31	<u><u>\$46,063</u></u>

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA 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, 2004**

	<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	\$1,170,629			\$1,170,629
Patron Fines and Fees	46,477			46,477
Earnings on Investments	14,334			14,334
Contributions, Gifts and Donations	31,771			31,771
Miscellaneous Receipts	1,298			1,298
	<u>1,264,509</u>			<u>1,264,509</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	917,055			917,055
Purchased and Contracted Services	117,017			117,017
Supplies	28,380			28,380
Library Materials and Information	208,267			208,267
Other Objects	15,695			15,695
Capital Outlay	15,411			15,411
	<u>1,301,825</u>			<u>1,301,825</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(37,316)</u>			<u>(37,316)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		\$150		150
Transfers-Out	(213)			(213)
	<u>(213)</u>	<u>150</u>		<u>(63)</u>
Total Other Financing Receipts/(Disbursements)	<u>(213)</u>	<u>150</u>		<u>(63)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(37,529)	150		(37,379)
Fund Cash Balances, January 1	<u>508,537</u>	<u>1,247,959</u>	<u>\$269,064</u>	<u>2,025,560</u>
Fund Cash Balances, December 31	<u>\$471,008</u>	<u>\$1,248,109</u>	<u>\$269,064</u>	<u>\$1,988,181</u>

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Fiduciary Fund Types
	Nonexpendable Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$10
Excess of Receipts Before Interfund Transfers	10
Transfers-In	63
Net Receipts Over Disbursements	73
Fund Cash Balances, January 1	45,941
Fund Cash Balances, December 31	\$46,014

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Tiffin-Seneca Public Library, Seneca County, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees, four of whom are appointed by Seneca County Commissioners and three are appointed by the judge of the Court of Common Pleas. 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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. 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 accounts for 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:

Carpet Fund – This fund is used to record expenditures for new carpet or carpet repairs for the Library.

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Fiduciary Funds (Trust Funds)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library had the following significant fiduciary funds:

Hixson Memorial Fund – This fund is used to account for all financial activity for the bequest received from Robert W. Hixson and is used as the Board of Trustees deem necessary.

Junior Home Fund – This donation received from the Junior Home Alumni association is to be used for the purchase of books.

E. Budgetary Process

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

A summary of 2005 and 2004 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 CASH

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

	2005	2004
Demand deposits	\$8,617	\$117,125
Certificates of deposit	1,979,550	1,917,070
Total deposits	\$ 1,988,167	\$ 2,034,195

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

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,304,921	\$1,414,924	\$110,003
Capital Projects		13,961	13,961
Fiduciary	79	49	(30)
Total	\$1,305,000	\$1,428,934	\$123,934

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,456,951	\$1,370,080	\$86,871
Capital Projects	1,247,958	104,882	1,143,076
Fiduciary	315,053		315,053
Total	\$3,019,962	\$1,474,962	\$1,545,000

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,442,586	\$1,264,509	(\$178,077)
Capital Projects		150	150
Fiduciary	40,475	73	(40,402)
Total	\$1,483,061	\$1,264,732	(\$218,329)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,685,104	\$1,302,038	\$383,066
Capital Projects	1,185,000		1,185,000
Fiduciary	290,000		290,000
Total	\$3,160,104	\$1,302,038	\$1,858,066

**TIFFIN-SENECA PUBLIC LIBRARY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. 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 any additional revenues the Library receives.

5. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

Commercial Insurance

The Tiffin-Seneca Public Library has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

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

Tiffin-Seneca Public Library
Seneca County
77 Jefferson Street
Tiffin, Ohio 44883-2339

To the Board of Trustees:

We have audited the financial statements of the Tiffin-Seneca Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 26, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated May 26, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

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Tiffin-Seneca Public Library
Seneca County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management and Board of Trustee. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 26, 2006



**Auditor of State
Betty Montgomery**

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TIFFIN-SENECA 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
JUNE 22, 2006**