



**KAUBISCH MEMORIAL PUBLIC LIBRARY  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 14, 2008

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# Mary Taylor, CPA

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, 2007 and 2006. 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, 2007 and 2006, 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, 2007 and 2006, 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, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, in accordance with the requirements of *Governmental Accounting Standards Board Statement Number 34*, the Library's Trust funds have been reclassified.

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, 2008, 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, 2008



**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, 2007**

	<u>All Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$697,743				\$697,743
Intergovernmental	30,000				30,000
Patron Fines and Fees	13,941				13,941
Contributions, Gifts and Donations	12,916				12,916
Earnings on Investments	29,718	\$6,128		\$54,087	89,933
Miscellaneous	20,314				20,314
<b>Total Cash Receipts</b>	<u>804,632</u>	<u>6,128</u>		<u>54,087</u>	<u>864,847</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries	443,915				443,915
Employee Fringe Benefits	127,095				127,095
Purchased and Contractual Services	56,391			19,058	75,449
Library Materials and Information	141,428				141,428
Supplies	1,922			22,219	24,141
Other	6,952				6,952
Capital Outlay	15,153			2,829	17,982
<b>Total Cash Disbursements</b>	<u>792,856</u>			<u>44,106</u>	<u>836,962</u>
<b>Total Receipts Over Disbursements</b>	<u>11,776</u>	<u>6,128</u>		<u>9,981</u>	<u>27,885</u>
Fund Cash Balances, January 1	467,414	152,555	\$6,833	1,049,044	1,675,846
<b>Fund Cash Balances, December 31</b>	<u><b>\$479,190</b></u>	<u><b>\$158,683</b></u>	<u><b>\$6,833</b></u>	<u><b>\$1,059,025</b></u>	<u><b>\$1,703,731</b></u>
Reserve for Encumbrances, December 31	<u>\$12,181</u>				<u>\$12,181</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, 2006**

	All Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Library and Local Government Support	\$697,974				\$697,974
Intergovernmental	30,000				30,000
Patron Fines and Fees	12,918				12,918
Contributions, Gifts and Donations	2,100				2,100
Earnings on Investments	18,360	\$4,272		\$51,248	73,880
Miscellaneous	27,408				27,408
<b>Total Cash Receipts</b>	<b>788,760</b>	<b>4,272</b>		<b>51,248</b>	<b>844,280</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries	454,665				454,665
Employee Fringe Benefits	132,384				132,384
Purchased and Contractual Services	80,899		\$240	2,924	84,063
Library Materials and Information	166,501				166,501
Supplies	18,896			3,750	22,646
Other	14,828				14,828
Capital Outlay	5,395			7,314	12,709
<b>Total Cash Disbursements</b>	<b>873,568</b>		<b>240</b>	<b>13,988</b>	<b>887,796</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(84,808)</b>	<b>4,272</b>	<b>(240)</b>	<b>37,260</b>	<b>(43,516)</b>
Fund Cash Balances, January 1	552,222	148,283	7,073	1,011,784	1,719,362
<b>Fund Cash Balances, December 31</b>	<b>\$467,414</b>	<b>\$152,555</b>	<b>\$6,833</b>	<b>\$1,049,044</b>	<b>\$1,675,846</b>
Reserve for Encumbrances, December 31	\$11,026			\$1,124	\$12,150

*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, 2007 AND 2006**

**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 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. Cash 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 fund's 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 an expendable trust which may be used for any Library purpose.

**KAUBISCH MEMORIAL PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(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 nonexpendable trust for which the earnings are to be used for the purchase of land, buildings, furnishing, supplies and equipment.

**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 2007 and 2006 budgetary activity appears in Note 4.

**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.

**KAUBISCH MEMORIAL PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. RECLASSIFICATION OF FUND BALANCE**

Pursuant to Governmental Accounting Standards Board Statement Number 34, the Library has reclassified its expendable and nonexpendable trust funds, to special revenue and permanent funds, respectively for 2006. The effect on fund balances is as follows:

	Special Revenue	Expendable Trust	Nonexpendable Trust	Permanent
Fund Balances as reported at December 31, 2005		\$148,283	\$1,011,784	
Reclassification of Fund Balances	\$148,283	(\$148,283)	(\$1,011,784)	\$1,011,784
Restated Fund Balances at January 1, 2006	<u>\$148,283</u>			<u>\$1,011,784</u>

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

The Library maintains a 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 was as follows:

	2007	2006
Demand deposits	\$138,872	\$80,836
Certificates of deposit	527,741	571,979
Total deposits	<u>666,613</u>	<u>652,815</u>
Money Market Mutual Funds	1,037,118	1,023,031
Total deposits and investments	<u>\$1,703,731</u>	<u>\$1,675,846</u>

**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.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$835,881	\$804,632	(\$31,249)
Special Revenue	8,100	6,128	(1,972)
Permanent	43,000	54,087	11,087
Total	<u>\$886,981</u>	<u>\$864,847</u>	<u>(\$22,134)</u>

**KAUBISCH MEMORIAL PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. BUDGETARY ACTIVITY – (CONTINUED)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,303,294	\$805,037	\$498,257
Special Revenue	160,655		160,655
Capital Projects	6,833		6,833
Permanent	302,213	44,106	258,107
Total	\$1,772,995	\$849,143	\$923,852

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$780,981	\$788,760	\$7,779
Special Revenue	4,300	4,272	(28)
Permanent	44,000	51,248	7,248
Total	\$829,281	\$844,280	\$14,999

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,333,203	\$884,594	\$448,609
Special Revenue	152,583		152,583
Capital Projects	7,073	240	6,833
Permanent	265,953	15,112	250,841
Total	\$1,758,812	\$899,946	\$858,866

**5. 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.

**6. 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.

**KAUBISCH MEMORIAL PUBLIC LIBRARY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**6. RETIREMENT SYSTEM – (CONTINUED)**

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9.0%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85 and 13.70%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

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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*

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 the Kaubisch Memorial Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 14, 2008, 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 and the Library reclassified its trust funds. 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 finance committee, management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 14, 2008



**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  
AUGUST 12, 2008**