



**Auditor of State
Betty Montgomery**

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Kingsville Public Library
Ashtabula County
6006 Academy Street
Kingsville, Ohio 44048

To the Board of Trustees:

We have audited the accompanying financial statements of the Kingsville Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Library Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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 15, 2003

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA 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, 2002**

	<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:				
Other Government Grants-In-Aid	\$264,214			\$264,214
Intergovernmental	2,953			2,953
Patron Fines and Fees	5,146			5,146
Earnings on Investments	644	60	18	722
Services Provided to Other Entities	960			960
Contributions, Gifts and Donations	185	50		235
Miscellaneous Receipts	350			350
Total Cash Receipts	<u>274,452</u>	<u>110</u>	<u>18</u>	<u>274,580</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	207,150			207,150
Purchased and Contracted Services	37,832			37,832
Supplies and Materials	32,723			32,723
Other Objects	3,617			3,617
Capital Outlay	3,164	2,005		5,169
Total Cash Disbursements	<u>284,486</u>	<u>2,005</u>	<u>0</u>	<u>286,491</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(10,034)</u>	<u>(1,895)</u>	<u>18</u>	<u>(11,911)</u>
Fund Cash Balances, January 1	<u>46,109</u>	<u>7,371</u>	<u>706</u>	<u>54,186</u>
Fund Cash Balances, December 31	<u>\$36,075</u>	<u>\$5,476</u>	<u>\$724</u>	<u>\$42,275</u>
Reserves for Encumbrances, December 31	<u>\$581</u>	<u>\$0</u>	<u>\$0</u>	<u>\$581</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, 2002**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Earnings on Investments	\$4,556
Services Provided to Other Entities	142,549
Total Operating Cash Receipts	147,105
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	123,201
Supplies and Materials	783
Other Objects	3,531
Capital Outlay	137,144
Total Operating Cash Disbursements	264,659
Operating Income/(Loss)	(117,554)
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	16,538
Net Receipts Over/(Under) Disbursements	(101,016)
Fund Cash Balances, January 1	188,671
Fund Cash Balances, December 31	\$87,655

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
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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:				
Other Government Grants-In-Aid	\$286,518	\$18,358		\$304,876
Patron Fines and Fees	5,591			5,591
Earnings on Investments	1,008	201	19	1,228
Services Provided to Other Entities	960			960
Contributions, Gifts and Donations	2,298	110		2,408
Miscellaneous Receipts	2,096	143		2,239
	<u>298,471</u>	<u>18,812</u>	<u>19</u>	<u>317,302</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	211,594			211,594
Supplies	10,714			10,714
Purchased and Contracted Services	39,916			39,916
Library Materials and Information	33,714			33,714
Other Objects	3,203			3,203
Capital Outlay	2,523	21,441		23,964
	<u>301,664</u>	<u>21,441</u>	<u>0</u>	<u>323,105</u>
Total Cash Disbursements				
	<u>301,664</u>	<u>21,441</u>	<u>0</u>	<u>323,105</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,193)</u>	<u>(2,629)</u>	<u>19</u>	<u>(5,803)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	125			125
	<u>125</u>	<u>0</u>	<u>0</u>	<u>125</u>
Total Other Financing Receipts/(Disbursements)				
	<u>125</u>	<u>0</u>	<u>0</u>	<u>125</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,068)</u>	<u>(2,629)</u>	<u>19</u>	<u>(5,678)</u>
Fund Cash Balances, January 1	<u>49,177</u>	<u>10,000</u>	<u>687</u>	<u>59,864</u>
Fund Cash Balances, December 31	<u>\$46,109</u>	<u>\$7,371</u>	<u>\$706</u>	<u>\$54,186</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, 2001**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Earnings on Investments	\$4,559
Services Provided to Other Entities	152,880
Total Operating Cash Receipts	157,439
Operating Cash Disbursements:	
Current:	
Supplies	315
Purchased and Contracted Services	113,396
Other Objects	2,341
Capital Outlay	8,773
Total Operating Cash Disbursements	124,825
Operating Income/(Loss)	32,614
Non-Operating Cash Receipts:	
Government Grants In Aid	5,625
Earnings on Investments	20
Total Non-Operating Cash Receipts	5,645
Net Receipts Over/(Under) Disbursements	38,259
Fund Cash Balances, January 1	150,412
Fund Cash Balances, December 31	\$188,671

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Kingsville Public Library, Ashtabula County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Buckeye Local School District. 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. 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.

C. Cash and Investments

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 disbursements, respectively.

Certificates of deposit are valued at cost. Stock funds are recorded at the fair market value at the date of donation.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library established the Permanent Building and Building Improvement Funds in 2000 by transferring \$5,000 from the General Fund into each established fund. The Gates Foundation Fund was established in 2001 to account for grant receipts of \$18,358 from Bill and Melinda Gates toward the purchase of computer equipment.

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

3. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund: Agency Fund – the Library is fiscal agent for the Council of Ashtabula County Libraries (CACL).

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 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$54,660	\$74,306
Certificates of deposit	75,000	168,281
Total deposits	129,660	242,587
Common stock at cost (fair value was \$32.97 and \$34.98 at December 31, 2002 and 2001, respectively.)	270	270
Total investments	270	270
Total deposits and investments	\$129,930	\$242,857

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: The Library was donated seven shares of FirstEnergy Corp. common stock with a market value of \$270 (\$38.58/share) at the date of donation – June 9, 1998. The market value of the stock on December 31, 2002 is :

Company	Number of Shares	\$ Per Share	December 31, 2002
FirstEnergy	7	\$32.97	\$230.79

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$339,611	\$285,067	\$54,544
Capital Projects	7,639	2,005	5,634
Fiduciary	336,605	264,659	71,946
Total	\$683,855	\$551,731	\$132,124

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$352,410	\$301,664	\$50,746
Capital Projects	28,408	21,441	6,967
Fiduciary	297,377	124,825	172,552
Total	\$678,195	\$447,930	\$230,265

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 LLGSF is allocated 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 rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such 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.

5. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Kingsville Public 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.



Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Kingsville Public Library
Ashtabula County
6006 Academy Street
Kingsville, Ohio 44048

To the Board of 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, 2002 and December 31, 2001, and have issued our report thereon dated May 15, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted one immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated May 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 15, 2003.

Kingsville Public Library
Ashtabula County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and the Board of Library Trustees, and is not intended to be and should not be used by 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 15, 2003



**Auditor of State
Betty Montgomery**

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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
JUNE 12, 2003**